WeekendFT

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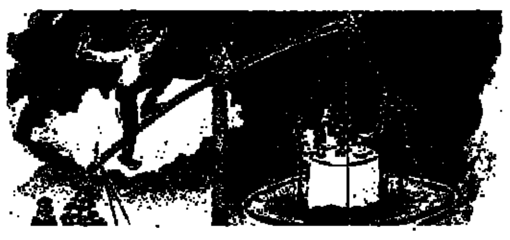
20 pages



The millionaires' wine revolution

Jancis Robinson explains why wine drinkers have never had it so good while growers have never had it so bad .... Page I

States of chaos

Rob ... on the grim conditions in Albania, where western aid for handicapped children (left) was looted by a starving crowd .... Page XX

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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,634

Weekend December 14/December 15 1991

D 8523A

WORLD NEWS

Proposed energy tax would raise petrol prices

EC ministers gave the European Commission the green light to bring forward legislation for an energy tax. The first stage, to take effect in 1993, would increase the average price of petrol by 6 per cent, or by about 12p a gallon in Britain at current prices.

The tax is intended to cut carbon dioxide emissions and combat global warming and would be equivalent to $10 on a barrel of oil by the year 2000, having risen by $1 a year from the initial $3 levy in 1993. Page 22

Croatia critical of UN
The governments of Croatia and Slovenia said the United Nations' recommendation not to recognise their independence unilaterally has given a green light for continued attacks on Croatia. Page 2

Lebanon pledges
International donors have pledged $700m (£388m) towards the $1.5bn needed for urgent reconstruction work in Lebanon, the World Bank said. Page 3

Five die in water riots
At least five people were killed in southern India in riots over a water-sharing battle between the states of Karnataka and Tamil Nadu.

IRA halts kneecappings
The Irish Republican Army said it is to stop "kneecapping" alleged criminals in punishment shootings. The victims will now be ordered to leave Northern Ireland instead. Craigavon bombing, Page 4

Chemical plant explosion
Six people were killed and three injured in an explosion at the Dutch-owned DSM chemical plant in the Botlek area of Rotterdam harbour.

BR pressed for refunds
British Rail is being pressed by the government to compensate commuters who have suffered from frequent cancellations and train failures on its north Kent service. Page 4

Detective to be charged
Suspended Detective Chief Superintendent Graham Melvin, who led the Pc Keith Blakelock murder inquiry after the 1985 Broadwater Farm riots, is to be prosecuted for perjury and conspiracy to pervert the course of justice, the Crown Prosecution Service said.

Nigerian polls test
Nigerians vote today in crucial elections for state governors and assemblies in what will be a test of military plans to restore civilian rule late next year after national assembly and presidential elections. Page 3

Poll tax amendment
The poll tax is to be amended before being abolished after the government announced a move to exempt about 200,000 students aged 18 and 19 in 1992-93. Page 5

Vauxhalls recalled
Owners of Vauxhall Carltons built since 1986 and Senators built since 1987 are being contacted to replace faulty brake units, the company announced. About 780,000 cars Europe-wide are affected.

Titian fetches £7.48m
Titian's Venus and Adonis became the most expensive painting sold at auction in the world this year when it fetched £7.48m at Christie's, London. Saleroom, Page 5

BUSINESS SUMMARY

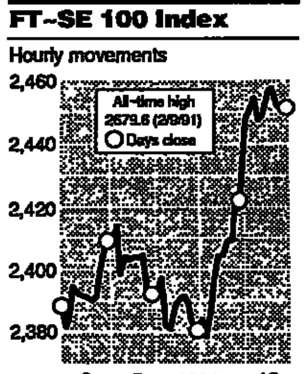
Germans review Soviet trade credit programme

The German government will reconsider its export credit guarantee programme to the Soviet Union in the light of new figures suggesting that trade exposure could be double the level previously revealed.

Total trade exposure, including insured and uninsured exports and trade contracts still in the pipeline, could total as much as DM75bn (£26.3bn), almost double the DM38.4bn already committed. Page 22; Bleak winter, Page 2

LONDON equities: An action-packed week ended with share prices pushing sharply higher across a broad front. The FT-SE 100-share index sped

FT-SE 100 Index
Hourly movements



up to close a net 28.1 higher at 2,451.4, for a two-day rise of 71.4. Over the week the index has risen 62.9. London stocks, Page 13, World stocks, page 19; Currencies, Page 11; Lex, Page 22; Wall street, Wkd Page II; Game of two halves, Wkd Page III

UK inflation rose in November for the first time in more than a year to an annual rate of 4.3 per cent, partly because of higher seasonal food prices. Page 22; Retail discounting fails to stem surge, Page 5

TOURANG, consortium established by Conrad Black to bid for Australia's Fairfax newspaper group, was back in the running yesterday after being ruled out by the federal government earlier. Page 10

DAVID S. Smith, biggest UK paper manufacturer, conditionally agreed to acquire Kaysersberg Packaging, leading French packaging company, for a total consideration of FFr1.505bn (£154m), which it plans to fund through a placing and offer of new shares and with its own resources. Page 8; Lex, Page 22

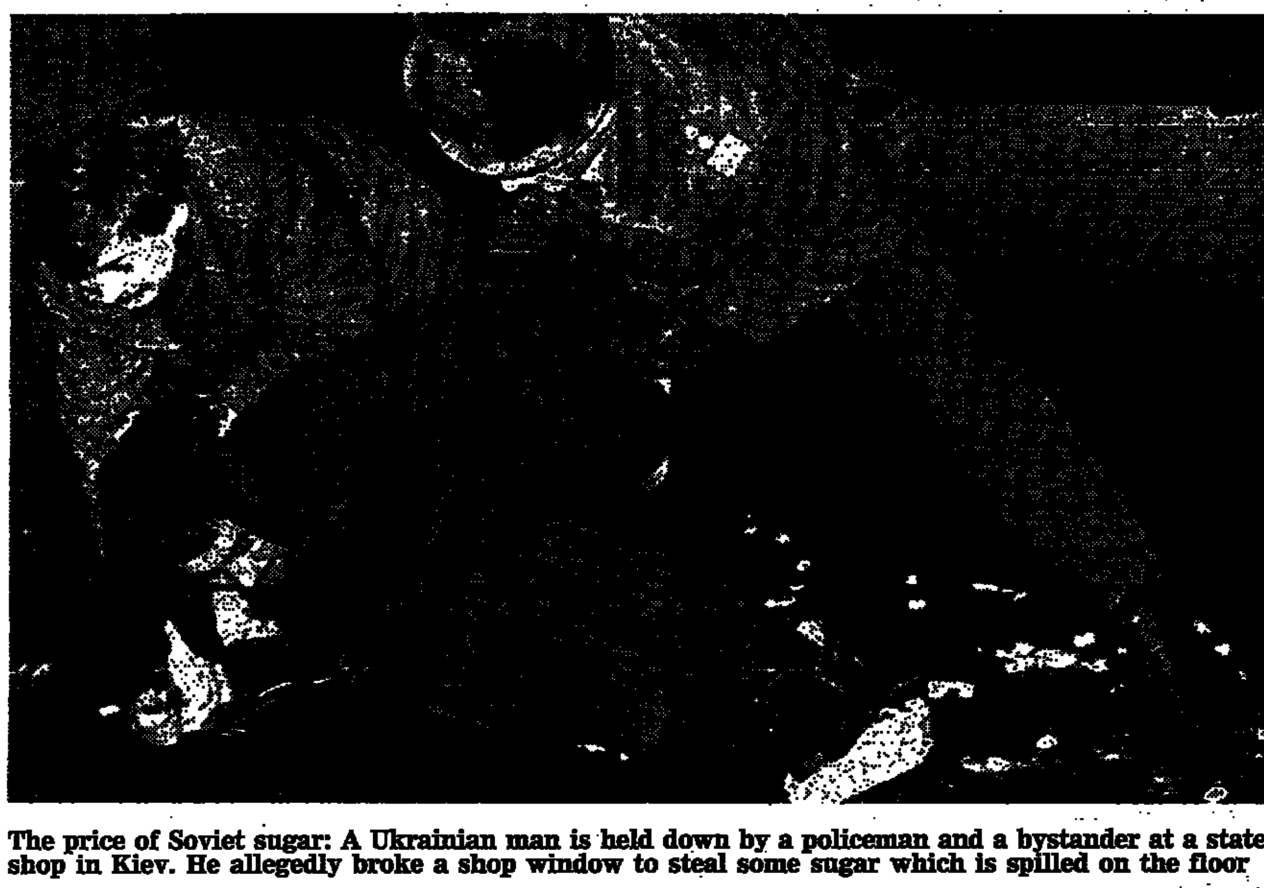
UK engineering employers are expecting no recovery until after the general election next year, partly because of the slowdown in the German economy. Page 5

NATIONAL Bank, state-controlled, largest commercial bank in Greece, plans to dispose of several subsidiaries, including a loss-making chain of luxury hotels, an insurance company and a small commercial bank. Page 10

A PROPOSED merger between the UK's National Union of Mineworkers and the TGWU general workers' union seems to have collapsed. Page 4

STORA, Europe's largest paper and pulp company, is intensifying its cost-cutting programme in 1992 with a reduction of 2,500 in the size of its 45,000 strong workforce. Page 10

WEIR Group, UK engineering company, is moving into the US pump market with the $21.7m (£12m) acquisition of Peabody Floway, manufacturer of turbine products. Page 8



The price of Soviet sugar: A Ukrainian man is held down by a policeman and a bystander at a state shop in Kiev. He allegedly broke a shop window to steal some sugar which is spilled on the floor

Five Central Asian republics to join commonwealth

Soviet army in disarray as old order collapses

by John Lloyd in Moscow and Lionel Barber in Washington

LEADERS of the Soviet armed forces met yesterday as the Soviet Union continued to disintegrate and their line of command became increasingly unclear.

Meanwhile, five Soviet Central Asian republics said they would join the new commonwealth emerging to replace the Soviet Union, but only on condition that they were admitted as equal, founding members.

This stipulation, and other differences between the three original member states – Russia, Ukraine and Belorussia – cast doubt on the eventual scope of the commonwealth and the role of President Mikhail Gorbachev who yesterday seemed intent on trying to influence the future shape of the country he has presided over for six years.

The general defence staff and senior defence ministry officials yesterday cancelled all meetings in order to concentrate on the crisis.

SOVIET CRISIS

- **Last chance to help Soviet Union, says Cheney,** Page 2
- **Red Army: ill-fed, ill-housed and insulted,** Page 6
- **Germany reviews Soviet trade credits,** Page 22

The Soviet defence minister, Mr Yevgeny Shaposhnikov, ruled out the possibility of another military coup, according to Tass, the news agency.

"As minister of defence I can declare with full authority, in the military all is peaceful and under control," he said.

A decision of the commonwealth states to preserve a unified military was swept aside by Mr Leonid Kravchuk, the Ukrainian president, who decreed yesterday that all Soviet military detachments in the Ukraine would come under his command – a move which is likely to prompt the creation of separate Russian armed services.

In Washington, President George Bush said that he had been assured by the Kremlin and republic leaders that Soviet nuclear weapons were being handled with "the maximum amount of safety".

Mr Bush said that the US was "watching very closely" events in Moscow, amid continuing signs that Mr Gorbachev may step down as Soviet president, a move which could raise questions about the political authority overseeing the Soviet nuclear arsenal.

Mr James Baker, secretary of state, said the US would not interfere in events in the Soviet Union.

"We cannot and must not inject ourselves into this purely political process," said Mr Baker, who is due to arrive in Moscow tomorrow.

Mr Gorbachev has so far rejected the idea of a commonwealth as divisive and has said he will play no part in the new grouping.

However, Mr Andrei Grachev, head of Mr Gorbachev's press office, was quoted as saying yesterday that the president would seek to combine the commonwealth agreement with the largely defunct plan for the union treaty.

Mr Gorbachev told reporters

Continued on Page 22

Maxwell family outlines concerns

By Raymond Hughes, Robert Peston and Richard Lapper in London and Peter Bruce in Madrid

THE MAXWELL family yesterday gave its first overt acknowledgment that it fears criminal prosecutions will follow the Serious Fraud Office's investigations into the Maxwell empire.

Mr George Carman QC, Mr Kevin Maxwell's counsel, told the High Court that he had strongly advised Mr Maxwell "to exercise the rights vested to him by law, and to every other citizen, not to provide, in advance of any prospective criminal charge, his defence to any such charge". To do so "would be premature, ill-advised and inappropriate at a time when he is under enormous pressure".

Mr Kevin Maxwell was willing, however, to spend "every waking hour" helping to trace the millions missing from the pension funds of Mirror Group Newspapers, one of his late father's public companies, Mr Carmen added.

In Tenerife, Ms Isabel Oliva, the judge investigating Mr Robert Maxwell's death, formally concluded yesterday that Mr Maxwell "probably" died by accident and recommended the case be closed.

London insurers who underwrote a £20m personal accident policy covering Mr Maxwell said they were continuing their own inquiries into the publisher's death.

It also emerged yesterday that Mr Robert Maxwell made big purchases of MCC shares earlier this year through Goldman Sachs, the US investment bank.

He never disclosed these, as he should have done, under company law.

A financier close to Goldman Sachs said: "Goldman asked Mr Maxwell whether he should have been disclosing the share purchases and received assurances from Mr Maxwell that there was no need for disclosure."

Mr Carman told Mr Justice Hoffmann there had been

Continued on Page 22

Sterling higher on ERM pledge

By Rachel Johnson, Economics Staff

STERLING followed a buoyant London stock market sharply higher yesterday when Mr Norman Lamont, the UK chancellor, built on the government's Maastricht success by stamping out speculation about devaluation.

He cheered the financial markets by saying that, "at an appropriate time", sterling would move to narrow bands in the European exchange rate mechanism at the current central rate of DM2.95.

The upbeat mood, though helped by the stronger overseas markets, was influenced by the deal struck by Mr John Major at Maastricht, which prevented sterling from coming under pressure in the ERM during the week and brought the market out of the doldrums.

The prime minister, attempting to capitalise on the momentum of his success at Maastricht, predicted to 150 Conservative candidates yesterday that a Tory victory at the next general election would spell the end of socialism.

The pound jumped well over two pfennigs to DM2.8866 – after a previous close of DM2.86 – as demand for sterling leapt in the wake of the chancellor's comments to foreign journalists.

Mr Lamont ruled out a devaluation when the currency's 6 per cent fluctuation bands in the ERM are narrowed to 2.25 per cent. The pound closed at DM2.875 in London, after profit-taking.

His assertion drove the rising stock market even higher. The FT-SE 100 share index, helped by Tokyo's 1,000-point overnight rally and a stronger Wall Street, rose 34 points at one stage before closing 28.3 points higher at 2,451.6.

Stocks started rising on Thursday, when the FT-SE 100 index rose 43.1 points. The rally continued as Mr Lamont's

Continued on Page 22

Currencies, Page 11
World stocks, Page 19
Inflation rise, Page 22
Lex, Page 22

Anglo-French links suffer in a clash of stereotypes

By Daniel Green

THE BRITISH military are "perfidious partners", according to their French counterparts. Tommy, on the other hand, thinks the French flounce out of joint projects unless they call the shots.

Such stereotyped views were preventing successful defence collaboration by the two countries, MPs said yesterday.

Tensions based on "virtual caricatures" were found during an inquiry by the Commons defence committee into Anglo-French defence co-operation. Its report was published yesterday.

The British thought the French only wanted to collaborate as the dominant partner: if they failed to get their way, they walked out. France's withdrawal from the European Fighter Aircraft project was an example of this attitude.

At the same time, defence companies in France were seen by the British as being "feather-bedded" with no need to worry about cost overruns.

The French saw the British as "perfidious partners who frequently withdrew unreasonably from projects".

They believed the British were obsessed with competition, lacked any industrial policy and were incomprehensibly relaxed about US military and industrial dominance.

In spite of these differences, reinforced by the mutual belief that the other side was trying to win the most export orders, both countries wanted the relationship to grow, said the report.

MPs commended collaborative efforts made so far. They praised the plan to build an Anglo-French frigate, a project that was given the go-ahead last week.

The price of failing to work together successfully was high, the report warned. "If we could not extend procurement co-operation with France, a close friend and ally, the prospects for wider collaboration would be very poor indeed."

Defence Committee. First Report. Anglo-French Defence Co-operation, published by HMSO, price £10.85.

MARKETS

STERLING
New York lunchtime:
$1.8163
London:
$1.817 (1.809)
DM2.875 (2.86)
FFr9.82 (9.7675)
SFr2.54 (2.525)
Y234.0 (234.0)
£ index 91.5 (91.0)

GOLD
New York Comex Feb
$361.3 (359.9)
London:
$358.9 (359.15)

N SEA OIL (Argus)
Brent 15-day Jan
$19.05 (18.575)

Chief price changes yesterday, Page 22

DOLLAR
New York lunchtime:
DM1.5855
FFr5.419
SFr1.40
Y129.9
London:
DM1.5825 (1.5805)
FFr5.405 (5.4)
SFr1.3985 (1.3965)
Y128.8 (129.2)
Tokyo close: Y128.73

US LUNCHTIME RATES
Fed Funds: $4\frac{7}{16}$%
3-mo Treasury Bills:
4.232%
Long Bond:
$103\frac{1}{32}$
yield: 7.732%

STOCK INDICES
FT-SE 100:
2,451.6 (+28.3)
FT-A All-Share:
1,174.88 (+0.9%)
FT-SE Eurotrack 100:
1,051.1 (+10.77)
New York lunchtime:
DJ Ind. Av.
2,918.83 (+23.7)
S&P Comp
384.78 (+3.23)
Tokyo: Nikkei
22,754.9 (+1,042.33)

LONDON MONEY
3-month interbank:
$10\frac{7}{16}$% ($10\frac{15}{32}$%)
Liffe long gilt future:
Mar $96\frac{3}{4}$ (same)

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Croatia critical of UN move

By **Judy Dempsey** in Zagreb and **Quentin Peel** in Bonn

THE governments of Croatia and Slovenia yesterday said the United Nations' recommendation to European Community countries not to recognise their independence unilaterally has given a green light to Serbia – and the federal army it dominates – to continue attacking Croatia.

"I cannot understand Mr Pérez de Cuéllar [the secretary general of the UN]," said Mr Branko Salaj, Croatia's minister of information. "Nor can I understand why he, the US, and the UK believe that recognition will escalate the conflict."

The UN's recommendation was made to Mr Hans Van den Broek, the Dutch foreign minister, on Thursday.

The Netherlands, which holds the presidency of the European Community, will be hosting a meeting for EC foreign ministers in Brussels on Monday. The issue of recognition will be on the agenda.

Mr Ivo Vajgl, Slovenia's foreign ministry spokesman, said: "This is yet another green light to the federal army, and Serbia, to continue fighting in order to keep a collapsing Yugoslavia together. Serbia is already greeting the UN letter."

Despite Mr Pérez de Cuéllar's recommendations, which were made after Mr Cyrus Vance, the UN's special envoy to Yugoslavia, returned to New York last Monday to brief the secretary general, both Slovene and Croat officials believe Germany and other EC countries will recognise them.

"We have assurances from some countries, including Germany, that they will recognise us before Christmas," said Mr Vajgl.

"Germany will definitely recognise us," said Mr Salaj.

Slovene and Croat officials yesterday said the stance adopted by the US, Britain and France, had a two-pronged strategy. "Now that the cold war is over these countries want to contain the political and economic influence of Germany in eastern Europe," said Mr Salaj.

Mr Vajgl said these and other countries in the UN were not prepared to face up to the question of sovereignty and the emergence of new states which want to exercise their independence.

Germany insisted yesterday that it was pressing ahead with its plans for recognition in spite of the fears expressed by Mr Pérez de Cuéllar.

Mr Dieter Vogel, the government spokesman, would only say that Bonn had "noted" the statement by the secretary general, and maintained its desire to recognise the two Yugoslav republics "along with the largest possible number of other members of the European Community".

Germany will argue forcefully for recognition at the EC foreign ministers' meeting on Monday, saying that all necessary preconditions for the move have been fulfilled.

The Foreign Ministry spokesman said Germany was convinced that Croatia would guarantee the rights of minorities in accordance with the CSCE treaty, and would present an independent report to that effect at the Brussels meeting.

Croatia and Slovenia also want the EC to recognise the independence of the southern republic of Macedonia and, possibly, the ethnically-mixed central republic of Bosnia-Hercegovina.

Meanwhile, the Belgrade-based Polityka newspaper, which is a mouthpiece for the Serbian government, yesterday claimed that recognition by Germany would mean that Croatia would be armed by Bonn, and Germany's political and economic influence would dominate Slovenia and Croatia.

Time runs out for Gorbachev: this watch was issued in March 1990 when he was named Soviet president – a post unlikely to exist much longer

Serbia extends federal army service

SERBIA yesterday appeared to be preparing for a prolonged conflict with breakaway Croatia after an order from the Serb-controlled Yugoslav presidency to extend military service in the federal army, Laura Silber writes from Belgrade.

The federal defence ministry said the one-year term for conscripts would be extended by three months while the call-up period for reservists would be doubled to four months.

A western diplomat yesterday said the extension of military service was the logical outcome of the growing resistance to mobilisation in Serbia.

"Serbia and the federal army appear surprised that the conflict is now into its sixth month. They expected a short war and are now confronted with the danger of social unrest in Serbia," he said.

Diplomats based in Belgrade say the federal army has issued call-up orders to about 100,000 Serbs, 20 per cent of whom have gone into hiding or fled the country to escape mobilisation.

Reservists returning from the front are having difficulty readjusting to civilian life, while doctors say pyschiatric wards are filled with former soldiers.

The high rate of opposition to the call-up has forced the Serb-dominated army to rely increasingly on undisciplined volunteers.

The federal army has begun to rein in the estimated 5,000 volunteers under its command, but disillusioned reservists claim the volunteers are given a free hand to loot villages occupied by the Serb-dominated army. Croatia and Serbia have made mutual accusations of atrocities.

Serbia's opposition parties this week have harshly criticised the army and the Serbian government of President Slobodan Milosevic for attacking Croatian cities and villages.

Last chance to help Soviet Union says Cheney

By **David White** in Brussels

WESTERN governments may now have their only chance to help the former Soviet Union achieve democracy and stability, Mr Dick Cheney, the US defence secretary, warned yesterday.

"This may be the best and perhaps the only opportunity in our lifetimes to help them move in the direction they want to move in," he said. "It is incumbent on us to look to ways to have some leverage on that process."

Mr Cheney was speaking after a meeting of Nato defence ministers which was overshadowed by concern about possible consequences of the Soviet break-up and the risk that centralised control over nuclear and chemical arms would be lost.

Nato allies were leaving open the possibility that representatives of newly independent republics might join a foreign ministers' meeting planned next week with the countries of the former Warsaw pact and the Baltic states. Mr Eduard Shevardnadze, the Soviet foreign minister, has been invited to the talks, the first of their kind between Nato and its former adversaries.

Representatives of the republics were already involved in US-Soviet discussions on the safety of nuclear weapons, Mr Cheney said.

It would take "a period of years" to dismantle the 4,700 short-range nuclear weapons which the Soviet Union had promised to destroy in response to a similar move by the US.

Nato officials have voiced particular concern about these smaller nuclear weapons which are widely dispersed and are subject to differing control mechanisms.

The ministers yesterday reiterated their insistence on ensuring reliable control of nuclear weapons under a single authority.

Mr Manfred Woerner, Nato secretary-general, said it was "absolutely essential" that changes in state structures did not lead to a proliferation of nuclear control.

Allies, meanwhile, were looking for alternative sites for the deployment of US fighter aircraft capable of carrying nuclear weapons in southern Europe after the US Congress's refusal of funds for a new base in Italy.

The 72 F-16 aircraft are due to leave the Spanish base of Torrejón next May under a 1988 agreement between Madrid and Washington. The US was to have borne about half the $800m (£444.4m) budget for a new airbase at Crotone in southern Italy.

Army co-operating with Ukraine takeover

By **Chrystia Freeland** in Kiev

THE Soviet Ministry of Defence and Red Army commanders in Ukraine are co-operating with that republic's takeover of Soviet military units stationed on its territory, Ukrainian defence chiefs said yesterday.

Earlier in the week it seemed that the central government would oppose the unilateral move, but Ukrainian officials said a deputy Soviet defence minister had been sent to Kiev to negotiate the transfer of troops.

Although 60 per cent of officers serving in Ukraine are ethnic Russians, Ukraine's minister of defence, Colonel General Konstantin Morozov, himself a Russian, said he was confident of their loyalty to the republic.

All nuclear weapons remain under central control and Ukraine has no plans to take them over, Col Gen Morozov said.

Nuclear missiles are to be controlled through a single command structure created by the new Commonwealth of Independent States, Col Gen Morozov said, while a treaty outlining the details of this arrangement is to be negotiated by the nuclear republics in the near future.

Col Gen Morozov said that the Kiev, Odessa and Trans-Caucasian military districts, as well as part of the Black Sea fleet, would form the basis of the Ukrainian armed forces.

Some air force units and part of the Black Sea fleet have nuclear capacity and will be collectively controlled.

Col Gen Morozov said that the issue of tactical nuclear forces had not been entirely resolved in the short term, although in the long run Ukraine intended to dismantle any such weapons on its territory.

IMF sets up section for former Soviet republics

By **Michael Prowse** in Washington

THE International Monetary Fund is creating a department to cover dealings with the Soviet republics and the Baltic states of Estonia, Latvia and Lithuania.

The move formalises an unprecedented shift of personnel within the fund to meet the challenges being posed by the disintegration of the Soviet Union. One in six IMF economists is now involved in the effort to reform formerly communist countries.

The new department will be headed by Mr John Odling-Smee, a former senior economist at the British Treasury. Mr Odling-Smee has been co-ordinating the fund's activities in the region.

The creation of the department – the first to be composed entirely of non-members of the fund – is a reflection of the importance which is attached by Mr Michel Camdessus, managing director of the fund, to economic reform in the Soviet republics and Baltic states.

An official said that between 120 and 130 IMF economists were now working on the region, although not all full-time.

A further 25 to 30 are working on eastern Europe, which will continue to be part of the fund's European department.

In addition to contacts with Soviet authorities in Moscow and the Baltic states, the fund has sent missions to Russia, Kazakhstan and, this week, Ukraine. Another mission will be visiting Belorussia next week.

The fund's aim is to have visited all the Soviet republics by the end of the year.

Fund staff are helping republics prepare for membership and providing extensive policy advice and technical assistance in fields such as macroeconomics, central banking, fiscal policy, and national accounting. Several republics hope to have comprehensive structural adjustment programmes in place by the first quarter of next year.

The fund has so far hired few new economists. Officials said however that it was likely to make greater use of consultants, staff on short-term contracts and economists seconded from central banks and treasuries.

In the short term, however, the Soviet challenge seems certain to increase the strain on departments monitoring fund programmes in indebted Third World countries.

E Germany faces bleak winter, Treuhand warns

EAST Germany, facing plummeting exports to the former Soviet Union and a sharp rise in company closures, will undergo wrenching economic shocks in coming months, officials of the Treuhand privatisation agency warned, Leslie Collit writes from Berlin.

"We will have a difficult winter before us," a senior official predicted. Many large east German engineering companies and shipbuilders which exported up to 80 per cent of their output to the former communist bloc would be in "extremely serious trouble" if trade continued to shrink, one official said.

The government's Hermes export credit guarantee agency has approved only DM7.2bn (£2.52bn) in exports to Soviet companies next year compared with DM9.7bn this year and DM16bn in 1990. Trade with the Soviet Union made up 60 per cent of east German exports last year and 40 per cent of a greatly reduced amount this year.

From next month east German export contracts with Soviet companies will no longer be exempted from the normal 15 per cent down-payment required to qualify for Hermes credit.

"If the Treuhand has to pick up the 15 per cent it would cost us additional billions," the official said.

Treuhand officials did not indicate whether the collapse of trade with the east would widen the agency's deficit next year, which it estimated at DM32bn.

The privatisation agency plans to step up the pace of company closures in coming months, winding down the operation of the least viable companies which make up 8 per cent of the Treuhand's more than 6,000 still-unsold companies.

All told, 30 per cent of the former state companies have been found unworthy of restructuring or privatisation.

West European car sales slide as German demand weakens

By **Kevin Done**, *Motor Industry Correspondent*

NEW CAR sales in western Europe fell by 10.6 per cent in November to an estimated 967,000. Demand weakened significantly in Germany and sales continued to fall sharply in the UK and France.

According to industry estimates, western European new car sales in the first 11 months of the year, at 12.714m, were just 0.3 per cent up from the same period a year earlier.

However, registrations have been lower than a year ago in each of the last four months.

The surge in German new car sales – fuelled by unification – which was the main prop to western European new car demand in the first seven months of the year, is abating, while key markets elsewhere, such as the UK and France, remain in deep recession.

German new car sales have been the key factor in the development of the western European market this year.

Excluding Germany, sales in the rest of western Europe in the first 11 months, at an estimated 8.764m, were 9.1 per cent lower than in the corresponding period a year ago.

New car sales in Germany, including eastern Germany since July 1990, jumped by an estimated 30 per cent in the first 11 months this year to 3.95m. German demand has been falling since August, however, and in November German registrations, at an estimated 281,000, were some 19.1 per cent lower than a year ago.

Without the sudden access to eastern Germany, western car makers would have faced a sharp decline in demand in western Europe this year. The additional market is larger than that of the Netherlands, Belgium and Luxembourg, Switzerland or Austria. However, sales are expected to fall in 1992, as the German market weakens and there is only modest recovery in the UK and France.

In the first 11 months of this year industry estimates show that new car sales fell in 11 markets across western Europe and were higher than a year ago in six.

In November alone sales fell in 10 of 17 western European markets including falls of 14.3 per cent in France, 14.4 per cent in the UK, 1.4 per cent in Italy, and 19.1 per cent in Germany. Of the five leading volume markets, only Spain showed a modest increase of 1.2 per cent.

The share taken by Japanese-badged cars in western Europe rose to an estimated 12.5 per cent in the first 11 months, from 11.8 per cent a year ago, reflecting a 6.6 per cent rise in sales volume to 1.59m.

Among the big six European volume car makers the Volkswagen group which includes Audi, SEAT and Skoda, has tightened its grip on the leadership of the car market, while Ford of the US has also gained ground, thanks to a strong performance in Italy, France and Germany. By contrast Fiat of Italy has suffered a 9 per cent drop in sales volume across Europe, while the fortunes of the Peugeot group of France have also weakened with a 6.7 per cent decline.

WEST EUROPEAN NEW CAR REGISTRATIONS*
January-November 1991

	Volume (Units)	Volume Change(%)	Share (%) Jan-Nov 91	Share (%) Jan-Nov 90
TOTAL MARKET*	12,714,000	+0.3	100.0	100.0
MANUFACTURERS:				
Volkswagen** (incl. Audi,SEAT&Skoda)	2,079,000	+4.8	16.4	15.6
Fiat (incl.Lancia, Alfa Romeo,Ferrari Innocenti,Maserati)	1,624,000	−9.0	12.8	14.1
General Motors (Opel/Vauxhall, US# & Saab)	1,538,000	+1.1	12.1	12.0
– Opel/Vauxhall	1,475,000	+1.3	11.6	11.5
– Saab***	48,000	−11.0	0.4	0.4
Ford (Europe, US# & Jaguar)	1,531,300	+4.4	12.0	11.6
– Ford Europe	1,516,000	+4.9	11.9	11.4
– Jaguar	12,000	−33.7	0.1	0.1
Peugeot (incl. Citroen)	1,515,000	−6.7	11.9	12.8
Renault††	1,264,000	+1.6	9.9	9.8
Mercedes-Benz	431,000	+6.6	3.4	3.2
Nissan	417,000	+13.3	3.3	2.9
BMW	386,000	+12.9	3.0	2.7
Toyota	345,000	−0.1	2.7	2.7
Rover†	327,000	−12.0	2.6	2.9
Mazda	277,000	+3.5	2.2	2.1
Volvo††	185,000	−16.4	1.5	1.8
Mitsubishi	183,000	+7.9	1.4	1.3
Honda†	162,000	+5.4	1.3	1.2
Total Japanese	1,591,000	+6.6	12.5	11.8
MARKETS:				
Germany*	3,950,000	+30.0	31.1	24.0
Italy	2,182,000	−1.0	17.2	17.4
France	1,866,000	−13.1	14.7	16.9
United Kingdom	1,534,000	−21.2	12.1	15.4
Spain	817,000	−11.0	6.4	7.2

*Includes eastern Germany since July 1990.
#Cars imported from US and sold in western Europe.
**VW holds 31 per cent and management control of Skoda.
***GM holds 50 per cent and management control of Saab Automobile.
†Honda holds a 20 per cent stake in Rover vehicle operations.
††Renault and Volvo are linked through minority cross-shareholdings.
Source : Industry estimates

Bundesbank pledge on D-Mark

By **Andrew Fisher** in Frankfurt and **Quentin Peel** in Bonn

MR HANS Tietmeyer, deputy president of the Bundesbank, yesterday sought to reassure Germans concerned about the disappearance of the D-Mark under European monetary union by saying that the central bank would defend the currency's strength until union took place.

The currency would also be safeguarded after mid-1998 by a "European central bank à la Bundesbank", regardless of whether Emu was introduced in 1997 or 1999. Those with assets in D-Marks need not be concerned, he said. EC countries which met the Emu convergence targets would have to decide unanimously on the fixed rates between the EC currencies.

Mr Tietmeyer's comments came as domestic criticism of the EC union agreement focused on the failure of Mr Kohl to obtain a more substantial treaty on political union to match the Emu treaty. Mrs Ingrid Matthäus-Maier, finance spokeswoman for the opposition Social Democrats, said her party welcomed Emu, but suggested that the future European currency might continue to be called the Mark to reassure German citizens.

She accused the chancellor of "buckling" to other countries, notably Britain and France, in failing to win more powers for the European parliament, and failing to ensure 18 extra seats for members from east Germany.

● Balance of payments figures from the Bundesbank for October showed that foreigners invested DM10.2bn ($6.4bn) in German securities, mostly bonds, compared with DM5.7bn the previous month. The current account deficit – was DM3bn after DM1.7bn in September. But after seasonal adjustments, it was lower; on this basis, the DM5bn deficit of the past three months was less than half as much as in the previous three months.

MEPs fail to agree Maastricht resolution

By **Andrew Hill** in Brussels

RED-FACED MEPs failed to approve a resolution on the outcome of the Maastricht summit late on Thursday night after unacceptable amendments were added to their original cautious draft.

After four hours of debate, the European Parliament's inability to produce a cogent response to a treaty which offers them enhanced powers was an embarrassment for deputies and an ignominious end to the two-and-a-half-year presidency of Mr Enrique Baron Crespo, the Spanish Socialist.

It was Mr Baron's last plenary session before January, when he is expected to hand over the post to Mr Egon Klepsch, a German Christian Democrat MEP.

MEPs had already decided to delay a conclusive debate and resolution on the treaty. If Strasbourg rejects the text, the Italian and Belgian parliaments have said they will refuse to ratify it.

The European Parliament's silence on Maastricht was an ignominious end to the two-and-a-half-year presidency of Mr Enrique Baron Crespo, the Spanish Socialist.

The original resolution merely welcomed progress at Maastricht, while regretting deficiencies in the final treaty.

However, the addition of several unpalatable amendments prompted MEPs to throw out the whole motion by a narrow majority.

One amendment tabled by British Labour MEPs proposed condemning the British government for "excluding its citizens" from the social chapter of the treaty.

Another, from German MEPs, suggested a special summit should be called with the aim of granting the parliament an even greater say in EC law-making.

Ireland faces winter of discontent over pay deal

IRELAND faces a "winter of discontent" of industrial action after Mr Charles Haughey, the prime minister, told trade union leaders yesterday that the government has decided to cut some I£100m (£94m) from a package of I£340m in public sector pay awards promised for 1992, Tim Coone reports from Dublin.

Leaders of all the main public sector unions warned earlier this week that if the government reneges on the awards, which were agreed last year under the Programme for Economic and Social Progress, they will recommend industrial action to their members. The 180,000-strong civil service is due to be ballotted by its unions in the course of the next two weeks.

Portugal announces tight budget

The Portuguese government will carry out a "rigorous" budgetary policy to fight inflation and reduce the public sector deficit, Mr Jorge Braga de Macedo, finance minister, said yesterday. There will be tight controls on expenditure and efforts to keep wage rises at moderate levels, Patrick Blum reports from Lisbon.

The aim is to bring annual inflation, now at about 11.4 per cent, closer to the European average to allow Portugal to meet requirements for full Economic and Monetary Union (Emu). Mr Braga de Macedo suggested the requirements of stage 3 of Emu, including the adoption of the Ecu as the common European currency, could be met by Portugal by the 1999 deadline.

Reverse in Spanish inflation feared

Spanish consumer prices rose 0.1 per cent in November, raising annual inflation to 5.7 per cent and triggering fears that the government's successful but slow efforts to draw price rises down this year may be about to slip into reverse, Peter Bruce writes from Madrid.

Warning on EC treaty precedent

By **David Gardner** in Brussels

THE way in which Britain has opted out of the social policy measures that its 11 EC partners intend to enact outside the new European Union treaty sets a precedent whereby the UK could be left out of union arrangements in other areas.

This was the view of Mr Bruce Millan, the UK's junior European commissioner in charge of regional policy, who said he did not think the Maastricht compromise on social policy would long survive legal challenge.

Mr Millan, a former secretary of state for Scotland in the last Labour government, said yesterday it was "deplorable and humiliating for the UK that the government was not willing to take on these obligations". An advanced economy like the UK had "no excuse" for not improving workers' conditions when developing countries such as Portugal felt they could, he said.

But Mr Millan argued that the agreement, which in theory allows Britain to remain with lower levels of social and labour protection, would eventually fall foul of European competition law, because of the unfair advantage it confers.

"I don't think this is sustainable in the longer term," he said. "The [legal] advice I have is that it will be challenged sooner or later."

He warned of dangers in starting on a two-tier road, since "if you can do it for social policy, then you can do it for other things too."

As the dust settles after the Maastricht agreement early last Wednesday morning, some EC officials are speculating that Britain may have handed its partners a powerful mechanism through which to pursue their federalist ambitions.

The mechanism agreed on social policy is a protocol to the treaty allowing the 11 to use all the Community's institutions to make laws, based on the more advanced social measures Britain managed to keep out of the text. Most EC officials assume Britain will eventually have to accept these laws, without having had the chance to dilute them. But some also speculate that the 11 could use the precedent to bring new, union treaty policies on immigration and foreign policy under the Community institutions.

Britain was a prime mover in keeping co-operation on foreign policy and most immigration issues as a matter for the 12 governments, with the European Commission and parliament getting only a consultative role. This inter-governmental arrangement, however, is to be reviewed in 1996.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenberg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

US bank law omission threatens chaos for foreign institutions

By George Graham in Washington

THE omission of a single word from the banking reform act passed last month by the US Congress threatens to cause massive disruption to foreign bank operations in the US.

The word "retail" dropped almost unnoticed out of the banking bill at 5am on November 26, as weary congressmen tried to negotiate a compromise between divergent bills passed by the House of Representatives and the Senate.

Its omission could compel foreign banks to choose between closing hundreds of corporate accounts and converting their US branches at great expense to subsidiaries – or risk up to five years in prison.

In the past, foreign banks were not allowed to accept retail deposits at their US branches, unless they set up a full subsidiary and obtained guarantees from the Federal Deposit Insurance Corporation (FDIC). Wholesale deposits, however, were allowed.

The new bill requires a full subsidiary and FDIC protection for any deposits under $100,000, without distinguishing between wholesale and retail.

Japanese and European banks complain that this would stop them from providing a full service to their corporate customers. Companies often maintain transactions accounts which they use to gather payments until they have enough money at hand to invest directly in the money market.

Only a handful of foreign banks have gone to the expense of setting up a separate subsidiary in the US. Most have only a branch or an agency.

"Literally interpreted, this could cause massive disruption in states like Florida and New York," says one congressional aide.

Officials from the Treasury, the Federal Reserve Board and the Office of the Comptroller of the Currency met this week to work out ways of handling the problem.

Lawyers who were present say they would like informal approval from Congress for interpreting the act in a way that preserves the distinction between wholesale and retail deposits.

They warn, however, that there is a limit to how far the regulators can go in interpreting the legislation, and that they may need a new bill to correct the controversial clause.

Treasury officials are concerned that the act as currently drafted could expose the US to charges of unfair discrimination against foreign banks – which could invite reprisals against US banks abroad.

Federal and state bank regulators, too, want the change reversed.

"We are not sure if the deletion of the word "retail" was inadvertent or deliberate," said Mr Derrick Cephas, superintendent of banks in New York, whose state includes most of the foreign banks operating in the US.

Many Congressional aides are not sure, either, but some House Republicans accuse Senator Donald Riegle, the Democratic chairman of the Senate banking committee, of doing a "snow job" on the House negotiators by misrepresenting the effects of the legislative language he wanted them to agree to.

House Democrats acknowledge that the act as passed does not do exactly what they had expected, but play down the dispute with the Senate. Should the Senate insist on the literal application of the bill, however, the issue could blow up.

US inflation rate edges higher

By Michael Prowse in Washington

US consumer prices rose 0.4 per cent last month, a bigger increase than expected in financial markets. Analysts, however, do not expect residual worries about inflation to stand in the way of further cuts in interest rates to revive the sluggish economy.

Some economists expect the Federal Reserve to cut the discount rate, currently 4.5 per cent, soon after next Tuesday's meeting of its policy-making open market committee. Mr Michael Boskin, the White House chief economist, applied pressure in Congressional testimony this week, arguing that the Fed had "ample room" to cut rates.

Fed officials, however, may be disappointed that the inflation figures were not better. Last month's increase was higher than the average in recent months. The year-on-year rate of inflation edged higher to 3.0 per cent compared with 2.9 per cent in October.

The closely followed "core" consumer price index, which excludes the volatile food and energy components, rose 0.3 per cent, slightly down on the average monthly increase this year of 0.4 per cent.

Separate figures yesterday showed that business inventories rose modestly in October for a second month. The rise was in line with slightly higher business sales.

Most analysts, however, expect companies to try to curb a further build-up of inventories given the deteriorating outlook for growth.

Noriega prosecutors near end of evidence

By Henry Hamman in Miami

PROSECUTORS in the Miami drug trafficking trial of Gen Manuel Antonio Noriega say they expect to complete their case against the former Panamanian leader on Monday.

The case will have consumed more than three months of testimony by 46 witnesses – many of them confessed drug traffickers – in the effort to convince a jury that Gen Noriega turned his country into a key component of the cocaine pipeline from Colombia to the US.

The general is alleged to have used his official position and influence to permit Colombian drug traffickers to establish bases in Panama for manufacturing and transporting cocaine destined for the US and to launder drug money in Panama's banks.

Conviction on all the charges against him would leave Gen Noriega facing a potential sentence of well over 100 years in US prison and fines in excess of $1m (£500m).

The centrepiece of the indictment against Gen Noriega is a conspiracy charge, which is brought under the US Racketeer-Influenced Corrupt Organisation (Rico) Act. To be convicted of a Rico violation, it is only necessary to show that a defendant was knowingly a part of a conspiracy that committed two or more overt acts of racketeering, even if the defendant did not participate in the acts.

A number of the general's former associates, as well as Mr Carlos Lehder Rivas, a former Medellin Cartel member, have testified that Gen Noriega had dealings with the cartel, an organisation which meets tests imposed by the Rico act.

To defuse this testimony, the general's lawyers have attacked the co-operation agreements the government has made with its witnesses.

The general's defence is due to begin Tuesday and is expected to be completed by late January or early February.

Theresa Ramashamole, one of the Sharpeville Six murder defendants, hugs her mother outside a prison south of Johannesburg after her release from jail yesterday. Also freed was another of the six, Reid Mokoena, agencies report from Johannesburg. Miss Ramashamole said: "I have always believed I would be released. I did not kill anyone. I was sentenced for nothing." The case, which involved a mob murder in the Sharpeville black township, gained international attention because the six were convicted and sentenced to death in 1986 on the principle of "common purpose". Under the ruling, the identity of the killer or killers could not be clearly established, but the six were convicted because they were identified as taking part in the attack. Human rights groups and foreign governments protested at the death sentences, and they were eventually lifted.

NEWS IN BRIEF

Two Koreas sign reconciliation pact

NORTH Korea and South Korea, cold war adversaries for more than 40 years, yesterday signed a historic agreement on non-aggression and reconciliation, John Ridding reports from Seoul.

The agreement, the first substantial accord between the two sides since the end of the 1950-53 Korean war, is an important step in easing tensions across the highly-militarised Korean border and improving relations.

In a meeting between their prime ministers, the two sides also agreed to work toward a nuclear-free peninsula. A joint statement said delegates would meet at the border village of Panmunjom to discuss details on nuclear issues this month.

Japanese businesses failing

Corporate bankruptcies continued to rise sharply in Japan last month, with the number of business failures 75.1 per cent higher than a year ago, the Teikoku Data Bank said yesterday, Steven Butler reports from Tokyo. The number of bankruptcies, at 1,070, was the highest for the year, in a reflection of the progressive slowing of the economy. Total liabilities reached Y784.9bn (£3.4bn), the sixth largest on record.

Bond staves off bankruptcy

Failed Australian tycoon Alan Bond, facing a court order to pay a personal guarantee of US$194m (£107.7m), dollars, staved off bankruptcy for at least another 48 hours yesterday, Reuter reports from Sydney. Federal Court Judge Michael Foster allowed Mr Bond to apply to have a bankruptcy notice set aside. The court will hear the application on Monday but Mr Bond will not be present, his lawyer said.

Zimbabwe land bill for debate

Zimbabwe's controversial bill to transfer land from white farmers to landless African peasants is ready for parliamentary debate, President Robert Mugabe said yesterday, Reuter reports from Harare. Land redistribution was a key element in the bitter guerrilla war that ended white minority rule and brought independence to Zimbabwe with a black majority in 1980.

Zambia cuts subsidies

Zambia cut subsidies on maize meal and removed controls on meal prices yesterday, answering a key demand by donor nations as the government struggles to revive the country's economy, Reuter reports from Lusaka. It was the first big economic step by the MMD government which took office six weeks ago.

Nigerian polls test move to civil rule

NIGERIANS vote today in crucial elections for state governors and assemblies after bruising campaigns that appear to have clouded prospects for a permanent end to army rule, Reuter reports from Lagos.

The polls in all 30 states of Africa's most populous country will be a test of military plans to restore civilian rule late next year after national assembly and presidential elections.

Nigeria has been under army rule for 21 of the 30 years since independence from Britain – years scarred by religious and ethnic tensions, corruption, electoral fraud and violence.

President Ibrahim Babangida has reiterated a commitment to the programme of transition to civil rule. He told senior army officers this week: "Today, there is an unquestioned and universal belief that democracy, even though it has different versions, is the only form of government which the international community will respect."

New governors are expected to be installed on January 2, starting a critical period of joint administration before presidential polls that could polarise positions between Nigeria's mainly Moslem north and predominantly Christian south.

Hundreds of Christians fearing sectarian violence during the polls have fled northern Kano state, residents say. Kano was the scene in October of Nigeria's worst religious riots in a decade.

The run-up to today's poll has been marked by apathy, acrimony in the two military-created parties and harsh government action to whip candidates and supporters into line.

The government last week detained 13 former legislators, among several thousand banned from politics, after reports of widespread electoral fraud and violence in party primaries.

Corruption was a big factor behind coups in 1966 and 1983 that ended Nigeria's two previous experiments with civil rule.

Some former cabinet ministers have said the level of fraud in primaries was the worst seen in Nigeria and questioned the transition process, especially the two-party system.

The National Republican Convention (NRC) and the Social Democratic Party (SDP) are due to put up one candidate per state each, as well as contenders for individual state assemblies.

The government created the welfarist SDP and the free enterprise NRC in 1989 with the aim of introducing politicians free from the old vices of fraud and vote rigging.

Both parties, hit by the creation of nine states in August, are relying for victory on the personalities of candidates rather than on solid issues, such as how to alleviate mass poverty in an oil-rich country of some 100m people.

The SDP narrowly beat the NRC in last year's local council polls, in which less than 20 per cent of an electorate estimated at 60m were reported to have voted.

Scant hope of escape in Lebanon's vicious circle

Hugh Carnegy on the prospects for peace as seen from Burj Qallawiyah, in the Israeli security zone

THE craggy hills and deep wadis of Lebanon's southern border country – now chilled by winter wind and rains – harbour the closest thing to a "hot" Arab-Israeli war to be tackled by delegates to the Middle East talks in Washington.

For years the scene of countless strikes against Israel by Palestinian guerrillas, these days it is more commonly fighters from Hizbollah, the Lebanese Islamic fundamentalist organisation, who attack the Israelis and their local militia ally, the South Lebanese Army, with small arms, rockets and roadside bombs.

At the time of the Madrid Middle East peace conference in late October, six Israeli soldiers were killed in the "security zone" which the Israeli army and the SLA occupy and control along the northern side of the Israeli-Lebanese border. The Israelis retaliated with punitive air attacks and repeated artillery bombardments on villages beyond the security zone, probably killing and wounding just as many, including civilians.

The fighting has, for the time being at least, died down. But the area bears all the scars of a chronic conflict. Even a short journey requires passing through numerous checkpoints manned by the SLA or by troops from UNIFIL, the United Nations Interim Force in Lebanon, which bravely but vainly attempts to keep the sides apart.

The Lebanese Army, symbol of the regenerated national government in Beirut, is deployed around Tyre, the chief city of the south. But its writ does not run in the main areas of fighting, where the absence of a central authority is everywhere evident in unlicensed cars and unsightly, unfettered and often unfinished construction work.

In Burj Qallawiyah, a drab hilltop village just outside the Israeli security zone, Sayyed Ali al-Amin, a prominent local Shi'ite Moslem cleric, has a simple message for the negotiators in Washington. "We are trapped in a circle. The Israelis say they won't withdraw because of the resistance and the resistance won't stop until the occupation ends. We need to find a third solution."

He believes the Israelis should withdraw and let the Lebanese army implement their rule in the south – with

UN support. "If so, there will be no reason for anyone to say I have to liberate my land, because the land will be liberated."

This would certainly fulfil the conditions of UN Resolution 425 calling for an Israeli withdrawal which all the Arab parties demand. And Mr Yitzhak Shamir, the Israeli prime minister, said in Madrid that Israel had no territorial claims in Lebanon as it has in the Golan, the West Bank and Gaza.

But a settlement is far from being so simply achieved. Israel does not trust the Islamic militants – principally Hizbollah – to cease attacks on Israel after a withdrawal, especially given their ideological denial of the right of Israel to exist. Israel is also far from convinced that the Palestinians remaining in Lebanon, for now largely subdued, will not be able to launch border attacks after a withdrawal.

More than that, Israel says it will not withdraw until there has been a full withdrawal from Lebanon of Syrian forces which are widely deployed in the centre and north of the country. It accuses Syria, which Israel regards as holding all the effective power in Lebanon, of using Hizbollah and Palestinian groups to fight a proxy battle against it.

It would not be difficult to find an array of hardliners from different factions in Lebanon to cite as evidence for the Israeli case. But Sayyed al-Amin, Iranian-educated and once close to the Hizbollah camp, takes a different line which poses a much greater and more disconcerting challenge to the Israelis.

"The Israeli presence day by day makes (the extremists) stronger. They are giving them life – a reason to exist. Let them withdraw and these people will melt away – they would no longer have any support among the people."

Sayyed al-Amin is identified with Amal, the mainstream Shi'ite organisation which has at times clashed violently with Hizbollah. He is cherished and protected by UNIFIL which regards him as a rare voice of reason commanding widespread local respect.

He says the willingness in the past of the local Shi'ite population to allow the Palestine Liberation Organisation to attack Israel from their lands was a "deadly mistake" which brought calamity in the form of Israeli invasion and occupation. "It will not happen again. We will not be the only ones to suffer for the Palestinian cause. They know that the game from south Lebanon is finished."

But Sayyed al-Amin does not believe the Israelis are willing to test this. He thinks what they really want is to stay in south Lebanon. In which case, there will not be peace. "You cannot have peace without freedom," he says.

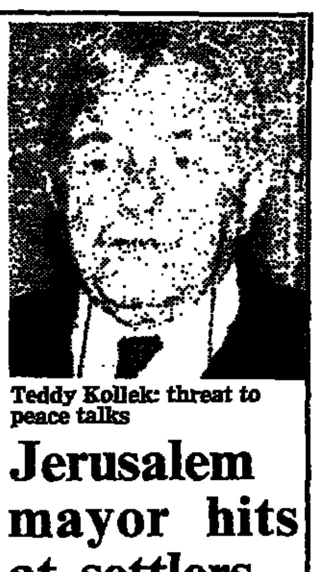
Donors pledge $700m for rebuilding

INTERNATIONAL donors have pledged $700m towards the $1.5bn needed for urgent reconstruction work in Lebanon, the World Bank said yesterday, Reuter reports from Paris.

Mr Caio Koch-Weser, World Bank vice-president with responsibility for the Middle East, said the Lebanese economy was fundamentally sound despite 16 years of civil war and foreign invasion.

However, aid was needed to restore telecommunications, repair water, waste and electricity services and build houses for 800,000 people – almost a quarter of the population – displaced by fighting.

Mr Omar Karami, the Lebanese prime minister, Mr Ali al-Khalil, the finance minister, and other senior officials met delegates from 11 donor countries and 13 international agencies on Thursday. Represented at the meeting were Britain, France, Germany, Italy, Japan, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates and the US.



Teddy Kollek: threat to peace talks

Jerusalem mayor hits at settlers

By Hugh Carnegy

MR TEDDY Kollek, the veteran mayor of Jerusalem, yesterday bitterly attacked the Israeli government for allowing a group of Jewish settlers to move into an Arab area of the city.

He said support for such extremists fostered Arab-Israeli hatreds and threatened the Middle East peace talks.

About 30 settlers took over six houses in the village of Silwan, close to Jerusalem's Old City, under armed police guard on Thursday after winning permission from Mr Yitzhak Shamir's hardline government.

The settlers left one house yesterday after a court ruled against evicting the Arab occupants, but otherwise won court backing for their claim that they had legally purchased the properties, which stand over the site of the ancient city of King David.

Mr Kollek, who was bypassed by both government and settlers in the affair, was furious at the latest in a series of such breaches of Jerusalem's fragile communal structure. Such actions strained the already delicate peace talks as well as relations in the city, Mr Kollek said.

The long-term aim of many is to make the city completely Jewish. Although Mr Kollek supports Jewish settlement of many previously undeveloped areas of east Jerusalem, he has tried to avoid encroaching into established Arab-populated districts, particularly in and around the highly sensitive Old City.

"Does anyone seriously think that there will not always be Moslems and Christians in Jerusalem – that we can ignore their rights and expect the world to respect our own?" Mr Kollek asked.

Labour attack on Major over social chapter

By Ralph Atkins

LABOUR accused Mr John Major, the prime minister, yesterday of making misleading claims after Mr Michael Howard, employment secretary, accepted that British backing for the European social chapter would not have meant repealing 1980s union laws.

Labour suggested that his remarks had been at odds with those of Mr Major, who said in the Commons on Thursday that he had "no enthusiasm for returning to the sort of legislation" that applied in the 1970s. That was interpreted by Labour as implying that he believed that UK acceptance of the social chapter would have required repeal of the 1980s laws.

Asked on Channel Four if he believed the union reforms under Mrs Margaret Thatcher would have to be reversed, Mr Howard said: "We have never actually said that any of those laws would have to be repealed."

Mr Neil Kinnock, Labour leader, reacted angrily, accusing Mr John Major of making assertions "designed to mislead". He said the prime minister should accept that the social chapter's "sole purpose" was to introduce decent standards for employees.

"That the prime minister should deliberately seek to deprive the British people of those benefits is shameful enough," Mr Kinnock said. "But to mislead the British people as to the true nature of the social chapter is a disgrace."

Mr Tony Blair, shadow employment secretary, said the government was "in full and undignified retreat".

Britain's refusal to accept the social chapter forced the other 11 European Community members to set up a separate protocol on social policy at this week's Maastricht summit. Labour believes the government's decision was an own goal because of the political capital it gave the party.

Mr Blair said Unice, the European Community employers' organisation, had told him it had concluded that the relevant articles 118a and 118b of the social chapter "cannot be used in any way connected with laws relating to unions – and in any event we would not agree to any agreement that did have such effect".

Mr John MacGregor, leader of the Commons, said in Bury St Edmunds last night: "It would be disastrous if we now allowed the imposition of the kind of rules and regulations from Brussels which are not right for Britain."

Lilley scotches 'quitting' rumours

By Ivor Owen, Parliamentary Correspondent

MR PETER LILLEY, trade and industry secretary, yesterday ended speculation that he was contemplating resignation over the agreements entered into by Mr John Major, the prime minister, at the European Community summit at Maastricht.

He praised the "excellent deal" reached by Mr Major, Mr Douglas Hurd, foreign secretary, and Mr Norman Lamont, the chancellor.

Mr Lilley was quoted in yesterday's Daily Telegraph as saying he would have "preferred no deal" when he attended a gathering of the anti-federalist Bruges group.

Nevertheless, he commended the outcome of the Maastricht negotiations in the Commons when, to the surprise of some of his senior colleagues, he undertook the role normally filled by a junior minister by responding to a low-key debate initiated by a Tory backbencher.

Mr Lilley argued that Labour's readiness to accept any commitment involving the transfer of powers to the EC would have made it unnecessary for any of its leaders to attend Maastricht.

He said: "They could have signed the communiqué when it was telexed to them at the end of the negotiations."

A soldier combs through the ruins of a police station at Craigavon, Co Armagh, yesterday. The station was destroyed by a 2,000lb IRA bomb which exploded without warning on Thursday night, and those injured included a woman left critically ill with a heart condition, as well as six police officers and 59 civilians treated for minor injuries. Mr Hugh Annesley, chief constable of the Royal Ulster Constabulary, called the attack an "indescribable evil" which had left people homeless and in despair in the run-up to Christmas. A Roman Catholic church, a school and almost every home within 100 yards of the police station were badly damaged, with shattered doors and windows and collapsed ceilings.

Minister urges refunds for BR Kent commuters

By Ivor Owen and John Willman

BRITISH RAIL is being pressed by the government to compensate commuters who have suffered from frequent cancellations and train failures on its north Kent service.

Mr Roger Freeman, junior transport minister, told the Commons yesterday there had been an "obvious" deterioration in those services.

He said: "I am asking BR to consider, as an immediate gesture, providing some form of compensation – probably by way of rail vouchers – to the passengers who suffered this disruption over the last three or four months."

This is the second occasion on which ministers have insisted on compensation for passengers. In 1989, passengers using London's Liverpool Street station were given vouchers for free travel after resignalling work severely disrupted services.

The move is seen by opposition parties as another attempt to placate disgruntled voters before the general election.

It follows Thursday's disclosure that building societies were being urged by ministers to slow the growth in the number of owner-occupiers losing their homes through repossession because of mortgage arrears.

Mr Freeman also announced that, from January 1, season ticket holders using Kent coastal services would automatically be offered compensation if new performance standards set for 1992 were not met.

He confirmed that under the terms of the Citizen's Charter, published in July, similar compensation arrangements would be available for all season ticket holders "locked in" to Network SouthEast services.

Proposed NUM merger on brink of collapse

By David Goodhart, Labour Editor

THE PROPOSED merger between the National Union of Mineworkers and the TGWU general workers' union has almost certainly collapsed.

Mr Bill Morris, general secretary-elect of the TGWU, said yesterday that the NUM executive's rejection of his union's terms meant that the merger "looks as if it is heading towards the end of the road".

The NUM has been reduced to fewer than 50,000 members because of the rapid closure of pits since the 1984 miners' strike and the defection of most Nottinghamshire miners to the moderate Union of Democratic Mineworkers.

It remains, however, an attractive merger proposition, partly because of its assets, valued by the TGWU at more than £30m. Complicating a merger is the independence of the NUM regions and the deterrent effect of Mr Arthur Scargill, the militant NUM president.

It is mainly because of NUM insistence on an assistant general secretary's post for Mr Scargill in the combined union, as opposed to the national secretary post on offer, that the talks have failed.

The NUM also wanted the proposed TGWU energy group to include a broader spectrum of workers, whereas the TGWU wanted to restrict Mr Scargill's influence in areas such as nuclear power.

Mr Morris said he was "extremely disappointed" by the NUM decision to reject the TGWU's terms. He said the only way forward was for the NUM executive to put the existing terms out to ballot and for that ballot to vote in favour. Neither development is likely.

The TGWU leader admitted that the terms of the offer had been framed "not only to attract the NUM in but also to prevent too many TGWU members from going out". Many senior TGWU officials will be relieved that the talks have failed because of the political difficulty of persuading members to accept any merger with a dwindling union run by Mr Scargill.

● Negotiators representing manual workers at Vauxhall, the General Motors subsidiary, have rejected a final pay offer that would have led to a 5 per cent rise in the first year of a two-year deal and maintained existing working hours.

Plea on university fees opposed

By Andrew Adonis

THE government is strongly opposed to universities charging fees to UK students as a means of funding expansion, Mr Kenneth Clarke, education secretary, said yesterday.

The government pays fees for students directly to their institutions at a rate it fixes each year.

Some vice-chancellors, however, want to be allowed to charge extra fees, to be paid by students. Mr Clarke, in a meeting with the Committee of Vice-Chancellors, said he strongly opposed such "top up" fees because they would work against increased access to higher education irrespective of means.

Mr Clarke told the committee that capital grants to universities – to rise by 9 per cent in real terms next year – are being increased by less than he had hoped because of the unexpectedly large increase in student numbers, which are up 8.7 per cent this year. He urged universities to do more to raise the capital they need for expansion by borrowing against their assets.

Mr Clarke also agreed to reconsider controversial clauses in the Further and Higher Education Bill – currently before the Lords – which give the education secretary power to intervene in particular institutions.

He promised to explore other ways of protecting academic freedom while retaining the power needed for ministers to be fully accountable to parliament for public funds.

Diplomatic end to pension saga

The Maastricht summit wiped out the threat of a £50bn bill for industry, Norma Cohen writes

WITH a single stroke, the Maastricht summit has wiped out the threat of a £50bn bill for British industry as it tried to make up for past inequalities in pension payments.

Contrary to all expectations, the Dutch presidency forced through an agreement on a protocol to Article 119 of the Treaty of Rome saying that employers could offer unequal pensions for men and women for work performed prior to May 17 1990.

Just days before the agreement was struck, pensions groups thought opposition from the French and Italians had effectively forced the shelving of the protocol. In the end, the French supported it, leaving only Belgium, Denmark and Italy to oppose it.

May 17 1990 is the date of the European Court's landmark ruling in the case of Barber v Guardian Royal Exchange, which sent a shudder through employers across Europe. The court determined that pension is part of pay and that men and women must be paid equally for the same work. Therefore, allowing women to retire on full pension at the age of 60 is unfair to men.

For employers, the cost of complying with the protocol is negligible. Most companies had begun reserving a portion of their pension fund surpluses since the Barber judgment was announced, and those amounts far exceed whatever small cost the funds will now have to bear.

Backdating men's pension benefits to bring them up to the level offered to women could have cost British and German employers up to £50bn apiece, and Dutch employers up to £30bn.

The European Court's ruling contained an irony: in its desire to promote pay equality, it effectively decided that more resources must go to men, who already receive the lion's share of pension payments.

That is because men are disproportionately represented in the workforce, in addition to which they generally earn higher salaries upon which pension payments are computed. Women are often employed in non-pensionable part-time work or have their service interrupted by childrearing, cutting their pension benefits.

Statistics from the National Association of Pension Funds show that for every 3.3 male pensioners, there are 1.4 female pensioners.

Some pensions experts, though, are warning companies against rejoicing too soon over the Maastricht agreement. The protocol must still be ratified by the parliaments of all member states – a process that is expected to take a year.

It is unlikely that the protocol will be amended or even rejected outright, but there remains a slim possibility.

Corporate anxiety about retrospectivity stemmed from a pending group of cases before the European Court in which precisely that question was to have been answered. The lead case was brought by the pension fund trustees of now-defunct Coloroll, the home furnishings group, who were faced with having to reduce the pensions of some female retirees to pay for increases in male pensions.

Mr John Cunliffe, partner at McKenna and Co and solicitor for the Coloroll trustees, said his case and two related cases are expected to be decided by the European Court in July as planned. The Court must answer questions relating to so-called money purchase schemes.

Such schemes provide retiring workers with a lump sum to buy an annuity that will give them a monthly income for the rest of their lives. But because actuaries calculate that women typically live longer than men, women will earn lower monthly payments from the same lump sum at retirement, even if both retire at the same age.

Several Coloroll pensioners were subject to that scheme and the court will be asked to consider whether women must receive larger lump sums at retirement or whether sellers of annuities can continue to provide women with lower monthly payments.

The US Supreme Court has ruled that anti-discrimination clauses in the constitution require men and women to receive identical monthly income from the same annuity. While overall life expectancy between men and women may differ, the court said there was no reason to believe that any individual woman would live longer than any individual man. "It is quite likely that the European Court will share the view of the Supreme Court," Mr Cunliffe said.

Because the Barber judgment relates only to the obligations of employers – not the obligations of insurance companies that sell annuities – the question remains whether employers have to give more money to women retirees with money purchase schemes in order to help them buy the same income stream as their male counterparts.

Also in the Coloroll case, the court will be asked to decide whether employers must make equal provision of pension benefits by cutting those currently offered to one group – in this case women – or by raising those offered to the disadvantaged group. So far, employers have responded by raising to 65 the age at which women may retire.

Fourth TV franchise loser seeks legal move

By Raymond Snoddy and Robert Rice

WHITE ROSE Television plans to seek a judicial review of the Independent Television Commission's decision to award the Yorkshire-area commercial franchise to Yorkshire Television.

White Rose will be the fourth company to seek a judicial review, and follows the success of Television South West in being granted a review.

The other companies that have taken legal action are TVS Entertainment, which lost its south of England franchise, and TVNI, which failed to win in Northern Ireland.

Mr Richard Hanwell, chairman of White Rose, said yesterday that a few of his shareholders still had to be informed but added: "It is very likely that we will go ahead early next week."

White Rose's main aim is to discover the contents of the confidential ITC documents on the franchise bids for the Yorkshire area. It wants to investigate rumours that the ITC staff and Hill Samuel, the merchant bank that monitored business plans, recommended rejection of the bid by Yorkshire. Pearson, owner of the Financial Times, has a 20 per cent stake in Yorkshire Television.

Yorkshire Television's bid of £37.7m won easily against the White Rose bid of £17.4m. The latter company will argue that Yorkshire's bid is so high that a quality programme service will be unsustainable.

Yorkshire Television declined to comment last night except to say that judicial review was a matter for White Rose, the ITC and the courts. Yorkshire has said that its business plan was accepted by 99.7 per cent of its shareholders.

THE BLUE ARROW TRIAL

Allegations on share buying 'misconceived'

By John Mason

PROSECUTION allegations that it was wrong for County NatWest and Phillips & Drew to have bought shares in the placing after the Blue Arrow rights issue are totally misconceived, an Old Bailey court heard yesterday.

The P&D board had discussed such a purchase before the issue without questioning the legality of the move, Mr Richard Du Cann QC said. The prosecution had not suggested that the meeting was part of the alleged conspiracy to mislead the markets, he said.

Prosecution witnesses had said a market practice existed for advisers to buy shares in placings, Mr Du Cann, for Mr Martin Gibbs, a former head of corporate finance at P&D, went on.

It was therefore inconceivable that, before the issue closed on September 28 1987, any of the defendants thought they were doing anything wrong, he said.

NatWest Investment Bank, County NatWest, UBS Phillips & Drew Securities and five individuals deny that the secret buying of shares in the issue amounted to a conspiracy to rig the market in Blue Arrow shares.

Earlier, Mr Du Cann compared the advisers' actions with the government's recent decision to support the price of British Telecom stock after the company's share offer.

If that was lawful and proper, then why could not others do the same thing? – he asked.

The trial continues on Monday.

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Engineering employers fear delay in recovery

By David Goodhart, Labour Editor

THE UK's engineering employers are expecting no recovery until after the general election next year, partly because of the slowdown in the German economy.

The Engineering Employers Federation, giving its end-of-year forecasts yesterday, said conditions would remain "pretty flat" until the second half of next year, with no upturn at all in mechanical engineering.

The EEF has revised downward its already pessimistic autumn Engineering Economic Trends report and now estimates that engineering output in the fourth quarter of 1991 will be 2 per cent lower than predicted.

The federation said the slowdown in the German economy, now the biggest market for UK engineering exporters, in combination with the failure of the US economy to pick up, was part of the explanation. Projections for 1992 have been adjusted to take account of slightly reduced export and UK demand expectations.

Mr Ian Thompson, EEF economic adviser, said the recession had not been quite as deep as in the early 1980s because exports had held up better.

Against that, he said engineering unit labour costs rose far more sharply than prices after the recession set in in spring 1990. That had contributed to the 170,000 jobs that have been lost in the last year.

Unit labour costs are now coming down sharply, but another 70,000 jobs are expected to go in 1992. The industry has cut jobs by 35 per cent in the last 10 years, but the number of graduate engineers has doubled.

Overall demand in 1992 is expected to rise to £129.4bn from £123.5bn in 1991. Electrical and instrument engineering and metal goods will pick up only slightly but motor vehicles and parts are expected to pick up sharply in the second part of the year, partly thanks to inward investment from Japan.

● Construction industry output is still falling, according to government figures published yesterday, Charles Leadbeater writes.

The figures show that output in the third quarter was 10 per cent down on a year before and 2 per cent lower than in the second quarter.

The house building industry remains depressed, with new private housing work in the third quarter 2 per cent down on the previous three months and 14 per cent lower than in the same period a year earlier.

Private commercial work suffered particularly badly. New starts were 10 per cent lower than in the second quarter and 21 per cent lower than in the third quarter of 1990.

Nevertheless, signs indicate that industrial-sector work is holding up. New construction work in the private industrial sector was 11 per cent higher than the second quarter and 18 per cent higher than in the same period a year ago.

● Steel production averaged 343,300 tonnes a week last month, down marginally on output in October and last November. Steel output in the first 10 months of the year averaged 320,600 tonnes a week, 8.3 per cent down on the 349,500 tonnes a week recorded in the same period last year.

Poll tax to change before abolition

By Alison Smith

THE POLL tax is to be amended even in the legislation to abolish it and introduce the council tax, the government said yesterday as it announced a move to help school leavers in 1992-93, the last year of the community charge.

The change will exempt from the poll tax about 200,000 students aged 18 and 19 between leaving school and beginning further or higher-education courses. It will be debated in the Commons on Monday.

Mr Michael Portillo, the local-government minister, said the existing position – in which a school leaver becomes liable for the full poll tax during the "student gap" between school and college – was an "unfortunate loophole we are now seeking to close".

School leavers are able to claim benefit during those months, but few have actually been doing so.

The Environment Department has come under heavy pressure to make the change, which will cost about £4m.

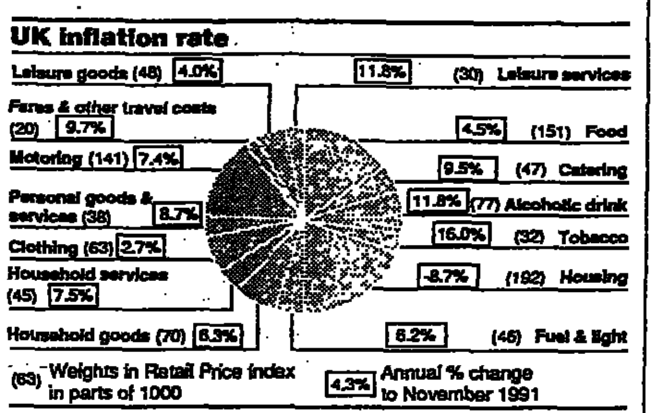
Mr David Blunkett, Labour's local-government spokesman, said: "While we welcome the announced change on school leavers, the major issue of the last year of the poll tax – the need to abolish the minimum 20 per cent contribution – is still being ignored by the government."

Mr Portillo confirmed that ministers had taken up a proposal from Mr Blunkett to allow deductions from the allowances of councillors who refused to pay the local tax; and that the government would also extend the period of notice that has to be given for a visit from a valuation officer from one day to three.

The prospect of a Tory revolt on the bill has disappeared. No Tory has joined an opposition attempt to give London a separate banding system instead of including it in the national property bands, and Mr Rupert Allason, the Tory MP for Torbay, remains a lone rebel proposing to raise the discount for single-person households from 25 per cent to 50 per cent.

Retail discounting fails to stem inflation surge

By Rachel Johnson, Economics Staff



HEAVY discounting by high-street retailers failed to stop a sharp rise in inflation in November.

The government, however, will point to technical factors for the rise. It will argue that until the end of October the underlying rates – which strip out mortgage interest payments and housing costs – showed impressive declines.

Retail price inflation has slowed steadily since its peak at 10.9 per cent late last year, and October's headline rate was the lowest since March 1988. Last month's figures therefore allow the government to deny any resurgence in inflationary pressures in the weak economy.

The Central Statistical Office said price rises last month included increases for food, especially fresh vegetables, tobacco and some household goods. Even so, the way the index is compiled proved a bigger factor.

Steep falls in the price of petrol and reductions in mortgage interest rates, which lowered the index in November last year, did not occur last month. As a result, the index rose by 0.4 per cent between October and November, having decreased by 0.2 per cent between the same two months last year.

In November 1990, cuts in mortgage interest rates sliced 0.35 off the index, while lower prices for petrol and oil took off a further 0.21 per cent.

Last month, though, petrol prices fell only fractionally and there were no mortgage rate reductions to feed through. Additionally, the cold weather and winter season pushed up the prices of potatoes, fresh fruit, and home-killed lamb, adding 0.14 per cent to the all-items index.

Price rises for non-seasonal foods – processed vegetables, baked beans, oils and fats and cereals – added 0.1 per cent to the index.

Fresh eggs were cheaper, however, and early sales, discounts and a high-street price war kept down the price of clothing, footwear and alcoholic drinks.

The inflation outlook is for a gently rising trend until about April 1992. Economists project the RPI as rising at about 4.5 per cent for the next two months, with no fall until after the Budget. That is because the RPI fell sharply in December and January last year as a result of interest rate cuts, lower mortgage payments and the new year sales, which prompted big price falls in clothing and footwear.

The Treasury expects the index to subside to a year-on-year rate of 4 per cent by the end of the year.

Britain's rate of inflation is now higher than the October 4.0 per cent average of countries in the exchange rate mechanism of the European Monetary System.

The general level of retail prices for November 12 1991 was 135.6 (January 1987=100), after 135.1 in October.

SALEROOM

Titian fetches record £7.48m

Impeccable provenance: the Venus and Adonis that set a record in London yesterday

CHRISTIE'S held its best Old Master paintings sale for a decade in London yesterday. The Great Rooms were packed to witness a record sale total of over £21m. A painting catalogued as Titian and Workshop rose from a pre-sale estimate of £2m to achieve a price of £6.8m, £7.48m with premium. It is the most expensive picture sold this year at auction.

Seven contenders were in the running for the painting, entitled "Venus and Adonis". It was eventually secured by Hazlitt, Gooden & Fox, London dealers, in partnership with Herman Shickman, a New York dealer, for £6.8m. The London dealers declined to say to where the painting was destined.

The picture is a version of the canvas painted for Philip II in 1553-54 and now in the Prado, Madrid. While the author of the standard monograph on Titian believed it to be a workshop piece completed by the master – it had previously been hanging high on a wall – close inspection led a number of dealers and curators, and their conservators, to the conclusion that its quality was too high for a piece in which the workshop played any significant part. The last great Titian sold at auction was the "Death of Actaeon", sold by Christie's in 1971 for £1.68m and now in the National Gallery.

"Venus and Adonis" is probably the last important work by Titian that the auction rooms will see. Although the painting has suffered considerably, it is believed that the somewhat dark canvas will clean very well.

Another market rarity on sale yesterday was the recently rediscovered "Hurdy Gurdy Player" by Georges de La Tour, which was consigned by a Japanese private collector. In spite of its far-from-perfect condition, which is in fact no worse than most de La Tours, it was snapped up by London dealers Agnew's for £1.87m.

Yesterday's sale also saw the earliest known work by Jan van de Cappelle, "Shipping in a Calm", double its sale expectations. Painted on panel and in wonderful condition, it went to the Koetser Gallery in Zurich for £2.64m. A Hobbema wooded landscape also topped its estimate, to sell for £1.815m. A pair of Belotto views of the twin towns of Vaprio and Canonica fetched £2.09m.

Unexpectedly high prices were found for Murillo's "Laughing Boy", £715,000, and for a Gainsborough landscape, which went to London's Leger Gallery for £836,000.

Of six works offered in excess of £1m, only one failed to reach that target. This, a rare and impressive - but too ambitiously tipped - "St Jerome" by the 15th-century Ferrarese Ercole de' Roberti, was bought in at £1.6m.

Yesterday was like the good old days but not quite. Although 81 per cent of the sale in value was sold, well over half of the lots on offer failed to find new homes.

Susan Moore

Service sector leads upturn in Wales

By Anthony Moreton, Welsh Correspondent

FURTHER SIGNS of the Welsh economy's emergence from the recession have come from the latest survey conducted in Wales by the Institute of Directors. Yet the figures show that any upturn is almost entirely concentrated in the growing service sector.

Mr Meirion Lewis, the institute's Welsh director, said: "After a bleak picture presented in last May's survey, the current outlook is one of cautious optimism.

"The last survey raised the prospect that a turning point in the Welsh economy may have been reached. This survey provides some evidence that this was the case and that a gentle rather than rapid recovery is now under way."

Just over half the service-sector companies (52.3 per cent) reported that the volume of business was higher than a year earlier, with a third reporting it lower. In manufacturing, just under a third said output was higher compared with half saying it was lower.

THE GUINNESS TRIAL

Jury told of political element to defence

By Raymond Hughes, Law Courts Correspondent

POLITICAL concern in 1986 about City regulation and the conduct of takeovers is an integral part of the defence of Lord Spens, former corporate finance managing director at the Henry Ansbacher merchant bank, to fraud and false-accounting charges, the jury heard yesterday.

Cross-examining Mr Anthony Salz, a partner in Freshfields, the City solicitors, who acted for Guinness in the Distillers takeover, Mr David Hood, Lord Spens' counsel, suggested that City conduct of takeovers had become a political issue in 1986.

Mr Salz agreed.

Mr Hood said Labour had accused the Conservatives of not bothering to prosecute people in the City because they tended to be Conservatives.

Mr Salz said he did not recollect that.

Labour had mounted a concerted attack on the Conservative party over its failure to regulate City matters properly, Mr Hood suggested.

Mr Salz said his recollection was that the debate had been about competition rather than takeover rules.

Mr Hood said that Guinness's failure to honour its pledge to appoint Sir Thomas Risk, chairman of the Bank of Scotland, as chairman of the merged company had been one of many issues seized on by Labour to attack the Conservatives.

Mr Salz agreed that that had been a political issue.

"Were you conscious it was a political issue at the time you were advising Guinness and meeting the Department of Trade and Industry?" Mr Hood asked.

"Yes," Mr Salz replied.

Mr Hood asked if he remembered the Westland affair in 1986.

Vaguely, Mr Salz replied. That, he agreed, had been another area in which Labour had attacked the Tories.

Mr Justice Henry intervened to tell Mr Hood that the jury would have to decide the case on the facts, "not on any political concern one way or the other. That is one of the things they are going to leave outside."

Mr Hood: "I hope not, my lord, because it is integral to my case."

The judge: "You can't invite the jury to decide this on political grounds."

Mr Hood: "My lord, I shall do precisely that – well, not on political grounds but the facts of the case and the rationale behind the Crown prosecution." The judge: "Well, I shall be telling the jury to leave politics out of it."

Lord Spens and Mr Roger Seelig, former corporate finance director at Morgan Grenfell, deny fraud and false accounting.

The trial continues on Monday.

Procter to challenge Tyneside land order

By Chris Tighe

PROCTER & Gamble, the US consumer products group, and Mr Leser Landau, a Swiss architect, have applied to the House of Lords for leave to appeal against plans by the Tyne and Wear Development Corporation to acquire by compulsory purchase order land they own on Newcastle's Quayside. The land would be redeveloped.

Their request, to be considered by the Lords' judicial committee, follows unsuccessful attempts at a public inquiry, in the High Court and in the Court of Appeal to contest the orders.

Their decision to appeal against the secretary of state for the environment's upholding of the orders means that uncertainty over the TWDC's proposed £180m East Quayside redevelopment, first announced in 1987, will continue into 1992.

Mr Alistair Balls, TWDC chief executive, said: "We are extremely disappointed that yet again we are prevented from getting on with a development that will bring enormous benefit to Newcastle and its people."

Procter & Gamble, one of whose UK head office buildings is threatened with demolition under the scheme, said it believed it had grounds for taking the case further.

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Weekend December 14/December 15 1991

Stop strutting, start fretting

GOVERNMENTS cannot rely on the strength of their leaders' performance on the world stage to maintain their electoral popularity if their domestic economies are in difficulties. This is so however impressive those performances. Mr George Bush has learned this lesson in recent months. Mr Major may be about to do so. Only strong, sustained economic recoveries will ensure that the popularity of these national leaders is translated into votes. So far, these recoveries are elusive.

Maastricht may have been about building a better future for Europe, but Mr Major badly needs a better present, and soon. Britain's economic recovery may not have gone as sour as that in the US. But his government needs an upsurge in consumer spending if a recovery is to be apparent to voters by the Spring.

The government's forecast of recovery is dependent on the savings behaviour of Britain's unpredictable consumers. A recovery before the election depends, in large part, on a fall in the personal savings rate from its current high level. Predictably perhaps, consumers have not obliged so far. Indeed the summer upturn in retail spending seems to have gone into reverse. Retail sales in the three months to October were ¼ per cent down on the previous three.

Nor did Thursday's distributive trades survey suggest that sales have picked up markedly, despite heavy pre-Christmas discounting by frustrated retailers. Shopkeepers do not have much time left – there are only nine shopping days left until Christmas (excluding Sundays, as the law requires). With only 169 shopping days left before the last available election date, the government is also running out of time.

Healthy ratio

The Treasury still expects consumers to oblige. The personal sector has a healthy ratio of net wealth to disposable income; the rise in unemployment is abating; underlying inflation is falling, though still too high; and interest rates are lower than they were.

Yet consumers also have a historically high level of debt relative to income. The average home-owner is wealthier than ten years ago, despite falling house prices since 1989. But recent first-time buyers remain heavily indebted, often with more debt than their house is worth. No wonder the rate of repossessions is so high; little wonder that consumers are using lower interest rates to repay their debts rather than resume borrowing.

If the Treasury's forecast of consumer spending in 1992 looks optimistic, its forecast of 6 per cent export growth already looks like wishful thinking, since the UK's export markets are all in poor shape.

The US administration is increasingly panicked by the prospect of a double-dip American recession. The Federal Reserve is under strong political pressure to cut interest rates next week. But to give the appearance of being bullied into making the cuts does little for its reputation, however justified on economic grounds.

US pressure

Messrs Bush and Brady will not be content with a cut in US rates alone. The Soviet Union may be the declared topic at this weekend's meetings of the group of seven largest industrialised countries. But Japanese representatives will not be immune to US pressure.

The Japanese should not ignore this advice. The latest quarterly survey of Japanese business confidence showed that manufacturers are now much less optimistic about their prospects than in August, while inventories are rising fast. Neither the world, nor Japan, needs a Japanese recession next year.

These economic and political pressures suggest steadily falling world interest rates over the coming year. Unfortunately for Europe, the immediate future promises the reverse. The Bundesbank remains the arbiter of European monetary policy and will continue to be so for a few years yet. A rise in German rates next week is likely. This could force up up interest rates in many European countries and will certainly curtail European growth rates next year.

Against this background, it is not certain that Britain will have any perceptible recovery in the first half of next year. It is difficult to believe that the UK economy will take off while European and US growth are sluggish. Comparison with the US is instructive: the UK has a higher burden of household debt; its economy is at least as weak and is trying to recover from a deeper recession; it suffers from higher underlying inflation; and has an exchange rate that is less competitive in world markets.

Moreover, Britain's short-term interest rates remain more than twice as high as in the US. Mr Bush also has two advantages over Mr Major. US interest rates can fall further; and there is still time for the cuts to spark a recovery in spending before the election. Mr Major has little time left; but time enough for British rates to go up as well as down.

The Red Army is ill-fed, ill-housed and insulted, writes John Lloyd

Breaking the ranks

The Soviet High Command yesterday huddled together in its square white fortress on Moscow's Arbat Square, cancelling all engagements and refusing to take calls. Inside these white walls, one can fairly say, are a group of men near the end of their wits.

Like Mr Mikhail Gorbachev, the Soviet president, their life's work is in ruins. The Soviet military, which most of them have known to do no other than to grow in strength and influence for most of their service careers, is now so riven and directionless that former enemies talk tenderly of lending them a helping hand to stop self-destruction. The west, said Mr James Baker, the US secretary of state who arrives here tomorrow, "must help the Soviets destroy and control the military remnants of the Cold War". What a humiliation!

It is only one of the shocks the military now has to absorb. Closer to home and still harder to bear is the imminent break-up of the integrity of the forces – something which, the generals have been assured this week, will not happen, but which they see happening before their eyes anyway. On Tuesday, they met Mr Gorbachev and were told by him that the army would stay united and he would remain commander-in-chief.

On Wednesday, they met Mr Yeltsin and he told them that "there would be no attempt to divide the army and set one division against the other". He acknowledged that the Ukraine would be a special problem but he hoped that "it could be resolved within the context of a unified command". On Thursday, Mr Leonid Kravchuk, the president of Ukraine, already recognised as an independent country by several states, declared himself head of all military based in Ukraine.

As Krasnaya Zvezda, the military daily, put it that day, "our officers wake up in the morning wondering for whom they are working. 'We serve the fatherland!' is our motto – but when you think about it ... which fatherland?"

The fatherland is, indeed, endlessly divisible and redivisible. Not only into its 15 constituent republics, but also into smaller ethnic divisions; the president of the "independent" autonomous republic of Chechen Ingushetia – an air force general – has, for example, recently declared himself head of the Red Army command in his republic.

It goes further than that. First, the army and the militia could only watch while they lost their effective monopoly of violence within the Soviet Union to national guards, guerrilla groups, vigilante bands and mafia mini-armies. In the Caucasus, guns are everywhere; in Georgia's Supreme Soviet, unshaven young men lounge about bestrewn with weapons, while the Red Army sits in its barracks.

Second, the army is not exempt from the dissolution of the society into baronies, each with the common slogan of "Sauve qui peut". In dacha land around Moscow this summer, you could see squads of soldiers building houses for generals on plots of land they had been given by the former government for a song. In Moscow, F W Sawatzky, a Canadian construction company, has formed a joint venture with the military construction company Glavspetstroi called Swatstroi, to build flats for officers and renovate old buildings for foreigners, for eventual hard currency lease. The generals of Glavspetstroi can expect to get rich; the young squaddies doing the reconstruction get about Rb20 a month.

"Why do you think the Red Army seems to favour the Azerbaijani side in the Nagorno Karabakh dispute?" asks Mr Alexei Pankin, a commentator on security issues and international affairs. "Because the Azeris feed them better than the Armenians." This is the feared and famed Red Army, at the end of 1991 and the end of the Soviet Union.

It would be more comforting if those who are now seeking to replace the Soviet Union with another system of power knew the answers to the questions which, according to Krasnaya Zvezda, officers have on their minds when they wake. But they do not.

Colonel Vladimir Lopatin, the influential deputy chairman of the Russian state committee on defence and security, says it is no longer possible to keep the Soviet military united – though two months ago it might have been. He does believe that the strategic nuclear forces will stay under a central command, but does not know to which commander in chief – chiefs? – that commander will report to. He thinks it possible there will be a "union" ministry of strategic nuclear defence, but does not know how it will be created or funded. Colonel Lopatin is a clever man and he is rising fast – but neither he, nor the generals, nor those who were their political masters, know the answers to the questions which must be asked.

Even within the Commonwealth of Independent States, the embryonic grouping initiated by Russia, Ukraine and Belorussia less than a week ago, there is already dissension. Mr Yeltsin wants a unified army and strategic forces; Mr Kravchuk of Ukraine has already, with the stroke of his pen, created his own army from the Ukrainian part of the Red Army; and Belorussia, which intends to create an army of 90,000 (about half the military strength presently on its territory), is now apparently reconsidering the unity of the strategic forces. Belorussia's new defence minister, General Pyotr Chaus, was quoted on Wednesday by Tass as saying that "we should not be in a hurry to give our nuclear arms to anyone else" – though he added the bromide that such a consideration would not stand in the way of Belorussia becoming a neutral and nuclear free country.

"We have the good fortune," says Mr Vladimir Averchev, an adviser to the Russian parliament's committee on foreign affairs, "that our army has never had the tradition of interfering in politics." This is often said, as a talisman, but it needs qualification. Russia, and then the Soviet Union, has nearly always been dominated by autocrats, often tyrants; the army has rarely been tempted to restore "order" because of a political failure.

When there was political weakness, in the period of provisional governments in 1917 before the Bolshevik seizure of power, there was a serious attempt at a putsch under General Kornilov – an attempt which came near to success. Now, central power is held by no one and republican power is still at best shaky. The army is ill-fed, ill-housed, humiliated and insulted. Is not this the time for a putsch?

Such a possibility is constantly debated in the newspapers and in the streets. The army is always assumed to be a large component of such an eventuality. Marshal Yevgeny Shaposnikov, the defence minister, appointed after the August putsch because of his opposition to it, is so far rolling with the punches of separatism. He sent a deputy defence minister to Ukraine yesterday to negotiate with the Ukrainians on a transfer of authority.

But elsewhere, the loyalties are less clear. Mr Alexander Rutskoi, the deputy president of Russia and an air force general, has explicitly separated himself from Mr Yeltsin on the use of force against rebellious Russian republics. He is said to have a close association with, among others, General Boris Gromov, the former deputy interior minister who was sacked after the putsch and who had previously advocated the use of the Soviet army to save the nation from chaos. In the past General Gromov is said to have been appointed deputy commander of land forces.

In this world, alliances are now mushrooming. General Gromov's connections are with the hard-line Soviet deputies' group Soyuz, headed by Colonel Victor Alksnis and Colonel Nikolai Petrushenko. Colonel Alksnis has teamed up with Mr Alexander Nevzorov, the famed presenter of the ultra patriotic "600 Seconds" TV show; together, they have created a movement called "Us", which has held a number of large and successful demonstrations in favour of continuing the Union. Mr Nevzorov, in turn, is developing an association with Mr Vladimir Zhirinovsky, leader of the Liberal Democratic party and the most talented and outspoken demagogue on the scene who has also been able to attract crowds supporting his brand of neo-imperialist populism.

Most of this is a testing of the waters by politicians who are looking for what space they can occupy as the population becomes more fearful and privations multiply, as the democratic politicians lose trust and influence in face of their inabilities to provide life's basics. The bulwark against them is an officer corps pulled this way and that, deprived of both a mission and a role, and reduced in many cases to looking for bread and sausage to keep themselves from hunger. It is not a comfortable prospect.

PERSONAL VIEW

Tying down Gulliver

By Rudolf Augstein

In politics, as in ordinary life, there can be Pyrrhic victories; and there can also be perfectly ordinary defeats. For Chancellor Helmut Kohl, the outcome of the Maastricht summit has to be described as the latter.

It was clear in advance that the Chancellor would not be able to fulfil his promise of agreeing a political union for Europe at the same time as monetary union. And so it came to be.

If Maastricht had ended with the prospect, by the year 2001, of a stable federal European government, controlled by a parliament, together with a stable European currency, then Mr Kohl would have been able to claim victory. As it happens, such an event is not only unlikely, it can be excluded altogether.

This was in a sense inevitable. Mr Kohl could not afford to risk wrecking the summit by sticking to his pre-summit conditions. So he had no choice but to give in.

If anyone won a victory at Maastricht, it was France. It achieved this not because it wanted European union, but because it wanted to lay its hands on the D-Mark. There is some truth in the talk that France's ambition since German unification has been to tie down Europe's new Gulliver. Gulliver, in the mood to be tied down, went along with the idea.

In the present climate, it is precisely the unexpected that can be expected

German politicians and journalists who have been conducting their debates about whether the D-Mark will be sacrificed will, in truth, lose out only indirectly as a consequence of all this. The real loser will be the "ordinary German", the man or woman in the street. They will feel the effects where it hurts most – in their wallets.

The French have succeeded, it appears, not only in fastening a chain around the D-Mark, but also in presenting the bill to the Germans.

But they were not content with this alone. In the manner of the classical practitioners of French foreign policy from Richelieu to de Gaulle, in their plan for European union they wanted still more: a European defence community from which Britain was to be excluded, and in which France, through its seat in the United Nations Security Council and its possession of atomic weapons, would be dominant.

Germany is not interested in nuclear weapons. Nonetheless, in spite of the Bonn government's desire for harmony, Germany has to be quite clear that it does not want this type of defence community *à la française*. We do not want any shift in the balance of our defence priorities towards France, and away from Britain – and we certainly do not want to move away from the US.

Given the present state of world affairs, Germany does not feel threatened by anyone. But it knows that the only countries which could possibly harm it are those with large-scale nuclear arsenals.

This means Germany would prefer to continue to rely on the US together with Britain – both of which freed our country from Hitler. Cosmetic Franco-German army divisions of the type favoured by Mr Kohl and President Francois Mitterrand are simply a waste of money.

When Churchill in 1946 suggested establishing the united states of Europe, he of course did not think of the possibility that Britain would be part of it.

All the same, we Germans must take our motto from Churchill – rather the open sea and Nato than France. We must be quite plain about one important point: the French do not simply wish to undercut Germany's liberal economic system – they want to switch it off altogether. It is in this context that the plan for European monetary union must be seen.

In the present climate, it is precisely the unexpected that can be expected. No economic expert can predict how European economies will perform during the next decade. Yet into this uncertain world a monetary union has been born – even though nobody can possibly know if it can fulfil the conditions which will be in force at the threshold of the millennium!

Since we are discussing one of these much-talked-about "historic events", I would not like to conclude on an entirely negative note. The German programme for Europe – as even the French now concede – is based upon propagating freedom, federalism and peace, protecting the environment and increasing prosperity. There should be no disagreement with this type of "German Europe".

Despite the defeat for Chancellor Kohl, I hope that the road from Maastricht will eventually take us there.

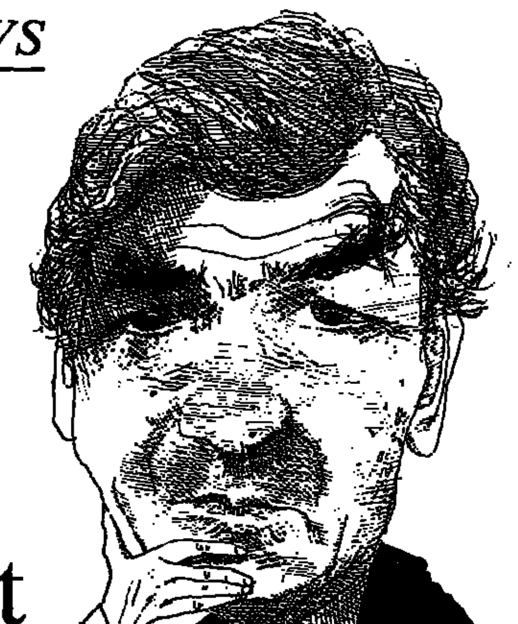
The author is founder and publisher of the German news magazine Der Spiegel.

MAN IN THE NEWS

Ruud Lubbers

Cool hand Lubbers scales his summit

By FT writers



A success always launches a thousand suits over its paternity. But this week's Maastricht agreement on European political and monetary union is unquestionably the handiwork of the summit chairman, Mr Ruud Lubbers, the Dutch prime minister.

With negotiating skills, steady nerves and a keen sense of timing, honed in the volatile world of Dutch coalition politics, Mr Lubbers rose to the occasion to broker a new treaty that is the biggest milestone in the European Community's 34-year history.

Yet you would not think that to hear the Dutch prime minister addressing the European Parliament on Thursday. Knowing that many MEPs still had gripes about the powers they had gained, he told them: "I am absolutely convinced that the outcome of Maastricht is only one step towards the final destination, which we have not yet reached."

However, the Maastricht treaty will be reviewed in 1996, and Mr Lubbers may be in no small position of power to influence that review. For the Dutch premier has this week clearly marked himself out as the front-runner in the undeclared race to succeed Mr Jacques Delors for the Commission presidency.

The last hours of the summit had all the hallmarks of negotiations in the "Binnenhof", the medieval government complex in the Hague where Mr Lubbers presides over a domestic coalition between his own centrist Christian Democrat party and the Labour party of Mr Wim Kok, the finance minister.

As is his wont during tortuous budget talks at home, Mr Lubbers took key players aside, such as Mr John Major, the UK prime minister, and Chancellor Helmut Kohl, at critical moments in the negotiations and extracted their "bottom-line" positions in one-on-one talks. This tactic has become famous in the Netherlands as the "Lubbers confessional", a reference to the Dutch politician's education at a Jesuit boarding school.

Mr Lubbers' Maastricht achievement is the more remarkable in view of the fact he played little part in the EC negotiations until three weeks ago. This was partly because the Dutch constitution restrains a prime minister from interfering too much in his foreign minister's portfolio – a constraint for which Mr Lubbers may have been grateful, given the hash his foreign ministry made of its September draft on EC political union.

But when Mr Lubbers entered the arena in mid-November, he did so "like a dynamo", in the phrase of a senior EC official. He toured EC capitals, and summoned leaders to his Binnenhof tower, listening to all sides. In preparing the ground for Maastricht, he had two advantages.

First, his basic federalist credentials go unquestioned among continental EC leaders. The Netherlands has always led the camp of smaller EC countries, pushing for strong EC institutions to counter the bigger countries' temptation to strike deals among themselves.

Second, Mr Lubbers has a traditional Dutch sympathy for Britain. The Dutch long campaigned for Britain's entry into the EC, and have joined the UK in pushing for farm reform, openness in trade and Atlanticism in defence. So, when Mr Major insisted he would not compromise on social policy, the Dutch prime minister took him at face value, all the more so because he agreed with some of the UK government's criticism about Brussels' legal sleights of hand over existing employment policies.

Knowing, at the outset of the summit, that social policy would be the sticking point, Mr Lubbers left serious discussion of it until half-way through the second day. By that time, he had stacked up several agreements, some of them historic such as on monetary union and defence. This raised the stakes high for everyone, including Mr Lubbers himself.

Still, the Dutchman stayed cool. He has done so on several occasions: when, for instance, he calmly pushed out of his car a man who had entered it with a knife; when, on another occasion, he hurled back a petrol bomb thrown through the window of his Rotterdam house; and when he twice gave chase to thieves trying to break into his wife's car.

This time, the threats were political, not physical, but no less real. On Tuesday evening, he adjourned the summit and went into "confessional" mode.

He called in Mr Major, and put to him a second re-write of the social chapter. Mr Major turned it down, and produced his own version, making virtually every new employment initiative subject to unanimity. Patiently, Mr Lubbers went through it, but eventually told Mr Major it would not fly, a judgment the UK leader accepted. Mr Lubbers then invited Chancellor Kohl in.

Quite what the trio then agreed is not clear. But the chancellor emerged to tell Mr Delors that, unless all 12 leaders were ready to accept no change on social policy – which they clearly were not – the only course was for Britain's 11 partner governments to start making future social policy outside the EC's institutions. Horrified by this outbreak of "inter-governmentalism", Mr Delors made the best of a bad job, by coming up with a protocol allowing the 11 to pursue their social ambitions through the EC's regular machinery.

Mr Lubbers showed he could "put people on the spot when they needed to be put on the spot", said a British official. Of course, those other traditional ingredients of successful EC negotiating – hunger, fatigue and exasperation – also helped. The summit chairman served only sandwiches on Tuesday evening. As the night wore, Mr Lubbers, only 52, stayed fresh, but several of his elders began to wilt. And he held the ring, when as Tuesday turned into Wednesday President François Mitterrand became imperious and demanded Mr Major cede to the 11's desire to deal with Community research and development by majority. Mr Kohl ended this by laughingly congratulating the Briton on his nerve, and Mr Lubbers gavelled the summit to an end.

The Dutch prime minister has not tipped his hand publicly on his desire for a second career at the European level. But this precocious politician has to some extent outgrown Dutch politics, where he was economics minister at the age of 34 and has been prime minister for the past nine years. He keeps refusing to comment on his ambitions, saying only that his political mandate in the Netherlands runs until late 1993 and that he intends to complete the job.

That would seem to rule him out of succeeding Mr Delors at the end of next year. Unless – which is a real possibility – Mr Delors wants to stay on for two more years. That might suit a Lubbers' candidacy well. Equally, a Dutch coalition crisis might be engineered next year, allowing Mr Lubbers to make the short journey from the Hague to Brussels.

Reporters: Ronald van de Krol, David Buchan and Philip Stephens

Home, lost home

John Willman and **David Barchard** on the rise in repossessions

The news that British government ministers are trying to stem the tide of mortgage repossessions is a reminder that domestic political issues are now returning to centre stage after the *foreign diversions of Maastricht*. The Conservatives know that their claim to be the party of choice and ownership will look pretty hollow at an election if increasing numbers of house buyers are finding themselves homeless.

But the accelerating level of repossessions threatens to do much more than simply undermine the attractions of home ownership. Not only has the property slump created serious problems for the politicians, it now threatens mortgage lenders and insurance companies with mounting losses. All the interested parties are urgently seeking solutions to the crisis, with the government anxious to assist in the interests of stabilising the housing market.

The rate at which repossessions have increased over the decade is dramatic. In the whole of 1980, fewer than 3,500 properties were repossessed; in 1991, more than twice as many homes are being repossessed *every month*.

Earlier estimates that repossessions would top 100,000 in 1991 are now being scaled back, and the total is likely to be around 85,000. By the end of the year the number of people who have had their homes repossessed in the past 10 years will top a quarter of a million.

Behind the headline figures on repossessions is a longer tail of households in mortgage arrears, who will supply the next generation of repossessions. Over 220,000 are more than six months in arrears – and one in ten mortgage-holders is two months or more behind in payments.

For the people stuck in arrears or repossessed, the result is misery – but the *effects are felt by many more*. Other home-owners cannot sell their homes, or must take a loss when they are forced to move because of their job or because of marital breakdown. UK insurers are facing estimated losses of around £3bn on mortgage indemnity insurance over the next two years, a scale which will require them to shore up their capital.

Lenders face considerable losses, though they are generally reluctant to give details of how many repossessed houses they are holding. The largest mortgage lender, Halifax, says it has a current total of around 9,000, a figure that seems not to have altered for several months. Abbey National, the second largest lender, says it has 8,500 houses on its hands.

Other lenders decline to give figures. Mr John Wriglesworth, an analyst at City stockbrokers UBS Philips and Drew, says he expects around a total of 80,000 unsold repossessed homes to be still on lenders' hands at the end of the year.

The one glimmer of light for mortgage lenders is that the number of new arrears cases seems to be slowing down. Woolwich, the fourth largest building society, says its *short-term arrears are now at* the lowest level since early 1988.

But even if the corner has been turned, the likelihood is that tens of thousands more home-owners will find themselves facing repossession in the coming six months. And with house prices reportedly still falling, the government shares an interest with the lenders in slowing the rate at which homes are repossessed. Hence the prime minister's announcement on Thursday that measures were under urgent consideration to protect those facing repossession.

One measure was announced last month by the Council of Mortgage Lenders – which *represents banks and building* societies – and Sir George Young, the housing minister. This provides for lenders to make empty, repossessed properties available to housing associations as accommodation for homeless families *nominated by local authorities*.

Whatever rent can be extracted after administration costs will be shared by the lenders, mortgage insurers and borrowers whose homes have been repossessed. The idea is to take the empty property off *the market for two years or* more (and provide homes for some of the almost 60,000 homeless families on local authority registers).

But the move was immediately criticised by housing campaigners such as Shelter,

Losses on mortgage indemnity insurance may reach as high as £3bn

for creating a "merry-go-round" in which homeless people move into homes vacated by repossessed mortgage-payers who themselves become *homeless. What Shelter wants* is action to prevent owner-occupiers becoming homeless in the first place, through schemes to help them remain in their homes despite mortgage arrears. And it is this sort of measure which is now under *discussion between the govern*ment and the lenders.

One solution much favoured by the lenders would involve payment of that element of social security benefit which is supposed to cover mortgage interest payments direct to the *lender. At present the 310,000* unemployed homeowners get income support to cover half or all of the mortgage interest, but lenders estimate that only about half the money makes it to the lenders.

Steps to make it easier for income support to be paid directly to lenders were announced last month, but lenders would prefer this to be the automatic method of payment. The government is willing to consider the legislation in principle, but wants a *quid pro quo* from the lenders – such as a moratorium on repossessions. Unfortunately, a moratorium is the one solution the lenders are all against; they see it as a dangerous *precedent which would encourage* rash borrowing in the future.

More ambitious options include:

● Making low-income homeowners who are employed eligible for housing benefit to help with mortgage interest *payments – a scheme published* by the Joseph Rowntree Foundation this week would have provided help to 320,000 people at a cost of £400m.

● Asking housing associations to take over homes whose owners are in arrears and rent *them back to the occupiers.*

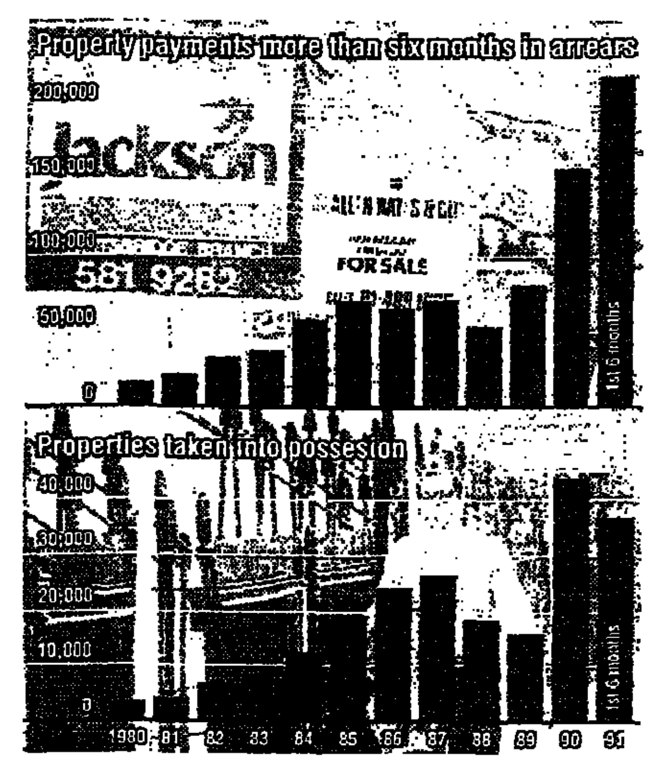
● Setting up a shared equity arrangement under which housing associations would take over a share of the ownership of homes in arrears. The associations would charge no rent on their share and take part of the capital gain when the home was sold.

The emphasis is currently on schemes which will keep people in their property by converting ownership to a tenancy with a rental agreement. Halifax has designed a scheme along these lines with the housing associations and expects to have the pilot project in operation soon. Abbey National says it is working on its own mortgage-into-rent *scheme which will will* probably do in-house, rather than through a housing association.

Other lenders are more sceptical. "If the government or anyone else wants to come up with a scheme aimed at converting mortgages to rents or *promoting equity sharing*, lenders will obviously look at it," says the Household Mortgage Corporation, a specialist mortgage lender. "But there is always the problem of funding the proportion of property taken out of the mortgage, which would require us to obtain a sizeable injection of cash from somewhere."

Whatever the solution, there is now considerable political pressure for the government to be seen to be doing something to stop people it encouraged into the housing market from being evicted.

The question is what price the lenders will extract for slowing down the repossession process sufficiently to make a *discernible impact on the hous*ing market in the next six months.



Raymond Snoddy and **Robert Rice** examine the legal challenges by three TV franchise losers

Picture is blurred

Lord Donaldson, Master of the Rolls, lost his patience last week and "persuaded" the Independent Television Commission to provide TSW with detailed reasons for not renewing its franchise for south-west England. It was the first time in the 36-year history of the ITV regulator that it had been held to account for a licensing decision.

*Now, it faces three court chal*lenges arising from October's auction of UK television broadcasting franchises. In addition to TSW, TVNi, an unsuccessful bidder for the northern Ireland franchise, and TVS, the rejected incumbent in south and south-east England, have *lodged judicial review applications* in the high court.

Encouraged by TSW's success in forcing the commission to disclose its reasoning, other losers may follow suit. White Rose TV, an unsuccessful bidder for the Yorkshire franchise, has also persuaded its shareholders to support a court challenge. Other franchise losers have until January 16 to make up their minds.

Whatever the final outcome of any court challenges – because the losers are almost certain to appeal to the law lords – uncertainty sur*rounding the final shape of the new independent television network is growing.*

At worst, if Lord Donaldson chooses to treat the TSW action as a test case of the entire franchise auction he may conclude that the way the commission interpreted its *powers under the 1990 Broadcast*ing Act was so fundamentally flawed that the whole process should begin again.

Away from the detail of individual cases a larger suspicion is taking shape in the minds of some losers, such as TSW, that the ITC may have had in mind some form of ideal overall network, and it worked back from that. The symmetry of the outcome is considerable. Two losers were outbid and two losers were removed because they bid too high. Only one of the Big Five production companies lost, even though two others were heavily outbid.

In northern Ireland one of Ulster Television's rivals, Lagan, failed on its programme quality even though the package was put together by Mr Bryan Cowgill, former BBC 1 controller and former managing director of Thames Television, while the other, TVNi, failed on its business plan even though it *passed the quality threshold.*

The three confirmed challengers have one common factor which sets them apart from the other losers: they all failed on their business plan despite outbidding the eventual winner in their region.

TSW, which bid £16.1m, lost to *Westcountry TV, which bid £7.82m.* TVNi bid £3.10m but lost to the incumbent Ulster Television, which bid £1.03m. TVS bid £59.76m but lost to Meridian Broadcasting, which bid £36.52m. The commission took the view that the three now mounting legal challenges had overbid to such an extent that they would not be able to sustain a high-quality service over the 10-year licence period.

All three legal actions allege improper exercise of power by the ITC amounting either to unreasonableness or a breach of natural justice by failing to take into account all relevant considerations.

Of the three, TSW seems to have *the strongest chance of success.* Not only has it got the "secret" ITC staff assessment of its bid, but by Wednesday the commission has to hand over the minutes of all its franchise meetings concerning TSW. TSW should also obtain a copy of the Hill Samuel review of its business plan. The merchant bank looked at all the applicants' business plans for the commission and, it is believed, drew up a financial model which identified those companies which fell outside the average projections for real growth in advertising revenue.

The ITC staff assessment appears to include a collection of curiosities, misjudgments and errors:

● The ITC staff questioned whether Barclays Bank would be prepared to lend all of a promised £10m loan, given that it did not know the size of TSW's bid. Neither TSW nor Barclays was asked about this. Barclays will give evidence that it was always prepared to *make the loan.*

● The staff assessment apparently looked at TSW's profits after the deduction of the levy paid by ITV companies on their profits, even though the levy ends before the new franchises begin.

● The ITC apparently worked from a *forecast of* 4 per cent a year real annual growth in advertising revenue. This was an average of all the forecasts in the 40 business plans submitted by applicants. The TSW figure was 5.3 per cent. The company will argue that in any average, some projections must, by definition, be above; a 1.3 per cent margin of error is acceptable.

TVNi also appears to have a strong case. Mr Alan Wright director-designate of programming, believes its chances of success are good because its advertising revenue projections were "considerably *more conservative" than many of* the winners'. He says this can be demonstrated by looking at the size of a bid for a region in relation to its share of net advertising revenue (NAR) for the whole ITV network.

Northern Ireland has 1.5 per cent of NAR and TVNi bid £3.10m. The *north-east region on the other hand* has 3.3 per cent of NAR and yet Tyne-Tees successfully bid £15.06m for the franchise, five times the TVNi bid for only just over a 50 per cent bigger share of NAR. All-in-all seven companies bid relatively more for their share of NAR than TVNi and still won. The company will argue in the light of this that failing TVNi on its business plan was "totally unreasonable".

TVS appears to have the weakest case of the three. Its £59.76m bid was the biggest for any of the 16 regions. It might be argued that it was not unreasonable for the commission to conclude that the company would not be able to maintain a high-quality service over the 10-year licence period.

The company maintains that the ITC decision was unreasonable. TVS says its revenue projections were in line with cost assumptions. It says its business plan was credible, considered, reasonable and, *most important of all, supported by* its shareholders, who approved it at an extraordinary general meeting in August 1990. The final plan was also supported by Time Warner, the world's largest media company, and Associated Newspapers, publisher of the Daily Mail.

White Rose, which bid £17.4m, passed the programme threshold but was outbid by Yorkshire Television's £37.7m bid. White Rose will argue both that the ITC decision was inconsistent – if TSW was failed on the size of its bid then Yorkshire should also have been. The company will also claim that Yorkshire's bid was too high to sustain a quality programme service.

If Lord Donaldson decides to order the commission to think again in one or more cases, the future of ITV would become increasingly uncertain. Would the ITC simply say it had been right all along? Would it readvertise the franchises? Or would it try to organise voluntary mergers between "winners" and "losers"? Time is running out for the new franchise holders to start broadcasting by January 1 1993.

LETTERS

Committed to doing the donkey work

From Mr W.H. Bailey.

Sir, On a recent visit to the Irish Republic I encountered a *donkey named Coconut suffer*ing from a large cancerous growth on its head.

It was on a Saturday of an Irish Bank Holiday weekend. My hosts rang and left a message at the local vet's surgery, some eight miles distant.

Within the hour the vet had returned the call, and within two hours he called on Coconut at a remote farm and commenced some extremely gruesome surgery. This lasted an hour and a half, and the cut *needed some 20 stitches. A few* days later he returned and removed the stitches from the beast's head.

I gather Coconut has since made a perfect recovery. The vet's bill was just £32.

The contrast with the efficiency of our National Health Service could hardly be greater. I would have to be near death to interest a doctor in Britain during a Bank Holiday weekend, and at any other time it is only in the most dire emergency that I could expect anything other than a bureaucratic response to my medical needs. Could the explanation lie in the vet's commitment to free enterprise I wonder?

As a tribute to the donkey's suffering, I have called this observation: *"The Coconut paradox"*.

W.H. Bailey,
16 Claude Road,
Cardiff

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Pensions: loss of equality and protection against theft

From Mr Bryn Davies.

Sir, I refer to your report ("Pensions pact could save UK industry up to £50bn", December 12) that at Maastricht the European Community quietly approved a protocol which may well relieve British industry of paying backdated equal pension benefits to men and women.

What really happened is that the summit decision could take away from the active members of UK pension schemes their existing right, under the treaty of Rome, to an equal pension for service prior to May 17 1990. Whatever industry may save is at the cost of people getting lower pensions.

Over the last few days outrage has been uniformly expressed about the way in which Robert Maxwell stole £750m from the members of his companies' pension schemes. But that pales into insignificance when compared to the amount the government, by this decision, proposes to take away from members of pension schemes which pay unequal benefits.

What is particularly extraordinary is the way such an important decision was taken without warning, let alone any proper debate. Tony Newton, the social security secretary, promised *last June to* "consult the pensions industry and other interested parties on the issues involved". No such consultation has taken place. The pensions industry may think that is acceptable. Scheme members who would be affected may take a different attitude when they cast their votes in next year's election.

Bryn Davies,
Union Pension Services,
50 Trinity Gardens,
London SW9 8DR

From Mr Brian A. Jones.

Sir, the problem with the assets of the Maxwell pension funds is not that they are in "a kind of legal limbo". It is, apparently, that somebody pinched them.

You offer two columns of suggestions on how to revise various aspects of pension law which others will seek to expand without, I am willing to bet, covering all eventualities. Why *not just* require *that all* private pension funds carry a bond to protect their beneficiaries against theft or diversion?

Given reasonable and, with any luck, concise standards for the issuer of the bond, setting the standards for coverage can be left to the underwriter. Since he has to put his money where his mouth is, he should do a reasonable job and competition should keep his price about right.

Brian A. Jones,
10 Clinton Street,
Brooklyn,
NY 11201, US

A-level results hit by funding

From Mrs Peta Bainbridge.

Sir, I refer to your your article about the expansion of further and higher education ("Middle classes gain from rise in college places", December 5). I feel, as a teacher in a comprehensive school, that the funding system is the cause of poor A-level results in such schools. The sixth form is funded according to the number of pupils, which means that unsuitable candidates are allowed, indeed encouraged, to stay on for A-levels. In a group of maybe 12, pupils range from potential A-grades to definite unclassifieds.

It is impossible to teach such a group successfully, as some never progress beyond GCSE C-grade while others hope to aim at S-level. Funding should be made per group, not per pupil at sixth form level. Everyone would benefit.

Peta Bainbridge,
39 Priests' Lane,
Brentwood,
Essex CM15 8BU

Prisoners need no warning on consequences of rioting

From Mr John Masterson.

Sir, I read with great concern Mr Kenneth Baker's statement ("Parliament and Politics", December 4) regarding the Prison Security Bill – that *the new* offence of prison mutiny would bring home to prisoners the severe consequences of mutinous behaviour, and that prisoners must be aware that rioting is not a cost-free option.

Prisoners have always been aware that to riot is never cost-free. My worry is that although most prison officers do a good job, there is an element who deliberately antagonise volatile prisoners to get a reaction from them, out of frustration and boredom.

These officers will be encouraged to provoke prisoners even further, knowing that the prisoners would be too frightened to react.

My great fear is that this could only go on for so long – then there would be the mother of all riots.

John Masterson,
19a Philip Walk,
London SE15

Consumers' views on postal changes must be heeded

From Mr John Beishon.

Sir, Mr Cockayne (Letters, December 5) views the prospect of one postal delivery a day with horror. We at the Consumers' Association agree that more research is needed to find out whether other consumers agree with him – which was precisely the point of our comment. A single delivery might be acceptable – equally, it might not, but without research it is impossible to know.

Similarly, Mr Cockayne may well be right in his suggestion that a single delivery in the afternoon will prove unacceptable to many, even with a trade-off such as lower stamp prices. We would not want to pre-judge the issue, particularly before detailed proposals and studies of their likely implications are on the table. Our concern is that the consumer's view is canvassed and heeded. The Citizen's Charter leads us to expect nothing less.

John Beishon,
Consumers' Association,
2 Marylebone Road,
London NW1

Red deer in Scotland not culled because sheep are offering a better return

From: Christopher J. Staples.

Sir, James Buxton's article ("Scots estates may be ordered to cull deer", December 9) highlights the problem of the red deer in Scotland. The population has to be reduced by 50,000.

Some landowners have not been culling the correct numbers – eg, the Cairngorm/West and East Grampian population rose from 23,000 to 33,000 between 1967 and 1983.

However, the sheep population of Scotland increased by 373,000 to just under 10m between June 1990 and June 1991, according to the Department of Agriculture for Scotland!

Hill ewes collect a subsidy of £26 per head, and with the wholesale price of venison at 30p per pound, there is certainly no financial incentive to cull red deer hinds, and no apparent help forthcoming from the government or the EC, as there is no subsidy paid on hinds.

With impending sheep quotas, hill farmers have been keen to ensure that numbers are maximised ahead of imposition.

The expansion of forestry plantings, sheep numbers and now proposed designation of "Natural Heritage Areas" all adds up to a smaller area available for red deer in the future.

I quote David Bower, chairman of the Scottish Council of the British Deer Society, in the November Journal: "There are too many red deer in certain *parts of Scotland* ... There are too many sheep for the good of the habitat in certain parts of Scotland ... There are too many hill-walkers, mountain bikers, Munro Baggers and twitchers for the good of the environment in certain parts of Scotland."

For my part I shall be giving up a week of my annual holiday next week, leaving a comfortably heated office, to go and stalk hinds in Caithness. This deer forest carries an increasing population of sheep which will be competing for the dwindling winter grazing. Historically the hind cull quota has always been met.

Hind stalking is a tough, uncomfortable but challenging sport, far more demanding than stalking distracted lovelorn stags. I would urge *competent rifles to participate in this* rather unpopular winter sport before the execution squads are drafted in.

Christopher J. Staples
Woodstock
8 Gamekeepers Road
Edinburgh EH4 6LX

David S Smith expands in France as profits dive

By Michiyo Nakamoto

DAVID S Smith, the UK's biggest paper manufacturer, yesterday unveiled a £10m downturn in interim profits and at the same time announced that it had conditionally agreed to acquire Kaysersberg Packaging, a leading French packaging company, for Ffr1.51bn (£153.6m).

The acquisition will be funded via a placing and offer of new shares to raise £91.5m and from Smith's own resources.

For the half year to end-October group pre-tax profits dived from £13.1m to £3.1m.

The directors attributed the setback to weak trading in the UK and increasing weakness in continental markets. Turnover fell to £171.3m (£186.2m).

Cost reduction measures, particularly at the Kemsley paper mill, led to exceptional charges of £8.7m.

The interim dividend is being maintained at 2.75p in spite a drop in earnings per share to 3.5p (12.7p) and, in the absence of unforeseen changes, the directors intend to recommend a same-again final of 6.75p.

The proposed acquisition is the group's first step forward in fulfilling its continental ambitions.

The cost comprises an initial cash consideration of Ffr1.13bn and debt of about Ffr381m which the group is assuming on completion of the deal.

"This was the move that our existing shareholders wanted," said Mr Peter Williams, chief executive.

In order to be a major player it needed to be in Europe since international customers were increasingly seeking suppliers that can service them on a Europe-wide basis.

Kaysersberg, which is about half the size of Smith, is a European leader in corrugated packaging with a high content of recycled paper.

It supplies mainly French and German markets and has a major share of the French heavy duty corrugated paper market.

It is strong on higher value-added products, particularly heavy duty corrugated packaging – an extremely profitable specialised product, Smith said.

Kaysersberg also provides Smith with a platform for future growth.

Mr Williams said expansion would have to come from continental Europe, as opportunities for growth in the UK were limited.

The French company is a wholly-owned subsidiary of JA/Mont Holdings, a pan-European tissue and hygiene products group which in turn is 50 per cent-owned by James River Corporation and Cragnotti & Partners Capital Investment.

In the year to December 31 1990 it recorded consolidated profits before tax of Ffr130.6m on sales of Ffr1.43bn.

This year non-consolidated profits before tax were Ffr99.5m on sales of Ffr1.08bn in the nine months to September 30.

The placing of 35.3m new ordinary shares will be subject to a 2-for-5 open offer to qualifying shareholders at 283p per share.

David Smith's shares closed 15p lower at 299p.

The balance of the acquisition, to be funded from the group's own resources, will reverse a £15m net cash position into that of £32m debt.

In April, Smith launched a £51m rights issue to reduce debt and fund further expansion of its Kemsley paper mill in Kent.

Peter Williams: The move that shareholders wanted

See Lex

Williams lifts stake in Racal to 9.98%

By Roland Rudd

WILLIAMS Holdings, the industrial conglomerate, yesterday increased its stake in Racal Electronics from 2.75 to 9.98 per cent by purchasing 99.5m shares in the market as its bid for control of Racal entered its final stage.

The purchase took Williams' stake to just below the 10 per cent maximum allowed by the Takeover Panel without a full cash alternative.

SG Warburg bought the shares for Williams at a price of 57p per share. Racal's shares closed unchanged on the day at 51p and Williams shares rose 1½p to 311p. Williams' 3-for-20 share offer plus 10p cash per Racal share was yesterday worth £790.8m.

The Williams offer, which has steadily increased as its share price has risen over the past week, is now worth 56.65p per Racal share or 57.19p if investors choose the all-share option.

Advisers to Williams yesterday said they hoped institutional investors would interpret the purchase as a reflection of the conglomerate's confidence in winning the takeover battle.

At the same time Racal revealed that Sir Ernest Harrison, its chairman, and other members of the Racal board had bought 2.48m shares.

The company said the purchase of its own shares reflected the confidence of its board that it would retain its independence.

Racal said the bid still undervalued the company. It said it was not against talking about a serious offer for the company but it would have to be "big money".

Williams' offer closes on December 22.

Inquiries continue into Maxwell's death

By Richard Lapper in London and Peter Bruce in Madrid

LONDON INSURERS who underwrote a £20m personal accident policy covering Mr Robert Maxwell's accidental death are continuing their own independent inquiries into the publisher's demise in the wake of yesterday's inconclusive report by Spanish pathologists.

The Spanish investigating judge in Tenerife, Ms Isabel Oliva, formally concluded that Mr Maxwell "probably" died by accident and recommended that the case be closed.

But Mr John Fisher, the claims manager for Lloyd's syndicate 782, said that findings left insurers "in no-man's land". Syndicate 782, which is managed by Sturge Holdings, is at the head of a list of Lloyd's underwriters and London market companies which underwrote a £20m personal accident policy.

Mr Iain West, a senior pathologist working on behalf of insurers, left for Madrid on Thursday to examine tissue samples of Mr Maxwell's "brain, heart and lungs". Mr West, who initially took the samples before Mr Maxwell's burial, will report his findings to Mr Fisher on Monday.

Under the terms of the insurance policy, which was broked by Willis Wrightson, the UK subsidiary of Willis Corroon, a claim is only triggered if Mr Maxwell died from accidental causes, including murder. Underwriters will not pay out if the death was due to natural causes or suicide, said Mr Fisher. In line with usual practice the onus is on the insured – a number of Mr Maxwell's companies are named on the policy – to provide evidence backing any claim, he added.

According to the Spanish pathologist's autopsy summary Mr Maxwell's death was probably caused by more than one thing. "The overall interpretation of the chemical, clinical and microscopic evidence leads us to believe that the probable cause of death (was) a dual mechanism," the summary reads, "consisting of an existing ischemic heart condition accompanied by a possible co-factor of drowning."

That means they believe he may have collapsed, alive, into the water or at least have fallen because of the heart condition.

"As to the legal-medical reasons for the fall (from the yacht) it is probable that this, given the above, was an accident although other explanations cannot be ruled out."

The pathologists said they had found no signs of violence on the body.

Should the issue ever go to court, the Tenerife investigation would not necessarily be conclusive evidence. To have died accidentally, Mr Maxwell would have had to have left the yacht not only alive but also saveable.

Privately, the pathologists have been saying they believe that had the publisher collapsed on deck he could indeed have been saved. Falling into the water made that impossible and death could thus have been accidental.

BAe reorganises corporate structure

By Paul Betts, Aerospace Correspondent

BRITISH Aerospace announced yesterday a significant reorganisation of its corporate structure as part of efforts to strengthen management and concentrate on its main business activities.

The move follows the top management changes approved by the company's board earlier this week including the appointment of Mr George Simpson, the chairman of BAe's Rover car subsidiary, to a new post of deputy chief executive.

Mr Dick Evans, BAe's chief executive, said yesterday Mr Simpson would also have specific responsibilities for Ballast Nedam construction subsidiary, Arlington Securities property group, the space and communications subsidiary and the enterprises subsidiaries.

The defence activities are being regrouped into one organisation headed by Mr John Weston, who is at present in charge of the military aircraft business. It will combine the land, sea and air capabilities of four divisions including military aircraft, guided weapons, the Royal Ordnance armaments subsidiary and the systems and services division.

It will be one of the main cores of the company with sales totalling £4.7bn last year and a forward order book of £7bn.

In the commercial aircraft activities the Airbus division will be separated from the regional aircraft and corporate jet businesses.

Mr Bob McKinley, at present head of commercial aircraft operations, will become chairman of the Airbus unit as well as chairman of a new Aerostructures company to be formed by the beginning of 1993. Mr Mike Turner, the present executive vice president of the defence marketing organisation, will takeover as head of the new unit embracing regional and corporate aircraft.

Mr Syd Gillibrand, at present head of BAe's aerospace companies, is being appointed vice chairman of BAe. Mr Evans said he would play a significant role in developing international strategy and relationships.

Mr Gillibrand will be responsible for the planning and creation of the new Aerostructures company embracing the manufacturing operations of both the commercial aircraft and military aircraft units. He is also assuming board responsibility for engineering.

Hanson's cash flow disclosure

By Andrew Jack

HANSON, the Anglo-US conglomerate, is one of the first British companies to comply with a new financial reporting requirement on the disclosure of cash flow in its annual report and accounts published yesterday.

The cash flow statement and accompanying notes reveal that the group had a net cash inflow after financing of £5.2bn in the year to September 30 1991, compared with an outflow of £1.6bn in the previous 12 months.

It had a net inflow of short-term investments of £3bn (net outflow of £2.5bn). Net cash inflow from operating activities was £934m, representing 96 per cent of profit from trading operations (77 per cent).

FRS 1 on cash flow statements, issued by the Accounting Standards Board earlier this year, replaces the old sources and application of funds statement. It becomes compulsory for all companies from year ends after March 23 1992.

Much of the information could in the past only be obtained through laborious calculation from footnotes in other parts of the accounts, and other figures were not previously disclosed at all.

Wolseley, the plumbing and building materials group, and MEPC, the property company, have already issued annual reports with the new statement. The Accounting Standards Board said it had received a small number of others with the new statement, but they did not contain all the footnotes required in the standard.

Hanson already boosted its disclosure on December 4 when it announced its results for the year broken down by individual businesses for the first time.

There is also evidence of far heavier involvement from investor relations consultants in the new annual report, with a strong emphasis on the company's environment and community activities.

George Walker goes to the Appeal Court

By Roland Rudd

Mr George Walker, deposed chairman and chief executive of Brent Walker, leisure group, took his fight against the High Court's refusal to grant an injunction stopping his removal from the board to the Court of Appeal.

In July, on the eve of a meeting at which the banks were to call for his removal, Mr Walker failed to obtain a High Court order banning the banks from taking their planned action.

Another meeting is planned for next Thursday at which the banks again plan to seek Mr Walker's removal from the board.

● The Power Corporation is continuing negotiations with Brent Walker, the troubled leisure group, about ending their joint venture, Walker Power.

NEWS DIGEST

Placing and open offer at Young

YOUNG GROUP, the opencast and drift coal miner which also has interests in contract coal mining, fuel distribution and road haulage, has proposed to raise about £5.4m net by the issue of 5.71m convertible preference shares of £1 each at par, pursuant to a placing and open offer, themselves subject to shareholder approval.

The group plans to use the proceeds from the placing and open offer mostly to reduce borrowings and also to fund a programme of capital and development expenditure both in the UK and Venezuela over the next two years.

The convertible preference shares have been placed with institutional investors at par, subject to the right of qualifying shareholders to apply for them under the open offer, on the basis of six convertible preference shares for every 10 ordinary held at the close of business on December 6.

Neotronics makes $5.5m acquisition

Neotronics Technology, measuring instruments manufacturer, is acquiring the instrument division of Solomat Enterprises for $5.5m (£3.05m) cash. It also announced a small fall in pre-tax profits from £2.71m to £2.62m.

Solomat Instrumentation makes water quality analysis instruments. In 1990 it reported pre-tax profits of £186,000 on turnover of £3.8m.

For the year to September 30 Mr Paul Gotley, chairman, said that the second half had been disappointing compared with the first. The main adverse factor in the period had been recession in its most important markets.

Turnover advanced to £16.1m (£15.6m). Earnings per share were 7.26p (6.98p). A final dividend of 1.72p is proposed for a total payment of 2.52p (2.4p).

Ensor incurs £294,000 loss

Ensor Holdings, a USM-quoted building products manufacturer and Mercedes-Benz distributor, ran up a loss of £294,000 pre-tax for the six months to end-September.

That compared with previous profits of £331,000 and followed a £1.2m downturn in profits to £327,000 for the 12 months to March 31. Half-year turnover totalled £23.03m (£26.17m).

Losses per share emerged at 1.4p (2.2p earnings) and the interim dividend is being omitted – 1.25p was paid last time.

BTR makes bid for Hawker pref shares

BTR, the industrial conglomerate which last month gained control of Hawker Siddeley, the UK engineer, in the biggest City takeover battle of the year, has launched a cash offer for the issued preference share capital of its victim.

For each 5½ per cent cumulative preference share of Hawker, BTR is offering 82p cash. That values the preference capital at about £4.9m. Additionally BTR will pay to accepting Hawker preference shareholders an amount equivalent to the 3.85 per cent (net) dividend (deemed for this purpose to accrue on a daily basis) for the period beginning August 2 1991 and ending on the day on which the preference offer becomes or is declared unconditional.

Strata Investments asset value ahead

Strata Investments net asset value was 185.4p per share at October 31 compared with 135.2p a year earlier.

Net revenue for the year declined from £278,000 to £237,000 for earnings per share of 1.4p (1.32p). The proposed single final dividend is 1.4p (1.32p).

Thailand fall hits Abtrust New Dawn

Declines in Thailand and Indonesia resulted in net asset value at Abtrust New Dawn Investment Trust over the six months to October 31 falling from 123.86p to 104.02p per share. A year earlier it had stood at 88.53p.

A strong increase in investment income was behind a rise in total income to £460,000 (£266,000). Net revenue was £110,000 (£62,000) for earnings per share of 0.37p (0.21p).

Carr's Milling falls to loss of £228,000

Severe pressure on bread margins continued to have a detrimental effect on Carr's Milling Industries, the miller, baker and animal feed maker. It reported pre-tax losses of £228,000 for the year to August 31, against profits of £516,000 last time.

Mr Ian Carr, chairman, said that the marked improvement in the agribusiness results was not sufficient to offset the disappointing results elsewhere. Turnover totalled £69m, against £77.7m last time which included £8.8m from the now-sold chicken processing business.

Below the line there was an extraordinary charge of £193,000 (£350,000 credit) and the losses per share emerged at 1.2p, against last time's losses of 36p which had been severely impacted by an exceptional deferred taxation charge of £2.75m.

The final dividend is reduced to a proposed 2.9p (5.75p) for a lower total of 3.9p (7.5p).

Firstland losses grow to £455,000

Taxable losses grew at Firstland Oil & Gas from £219,000 to £455,000 in the six months to June 30.

The result was adversely affected by net interest payable of £70,000 (£8,000) and exceptional costs of £285,000 (nil). The latter related to a write-down in the value of Firstland's interest in Explaura Holdings.

Turnover, though, was also down at £233,000 (£325,000) but the company ascribed this to the disposal of producing wells in Ohio in mid-1990 and lower gas prices in the southern US.

Losses per share expanded to 2.05p (1.01p).

Boscombe Property advances 47%

Boscombe Property lifted pre-tax profits by 47 per cent from £124,866 to £183,231 for the six months to September 30.

Gross rental income amounted to £400,166 (£341,650) and investment income to £779 (nil).

Earnings per share rose to 134.98p (32.12p) and the interim dividend, already paid, was doubled to 80p.

John Swan rises to £166,000

John Swan & Sons, the Scottish livestock auctioneer and estate agent, lifted pre-tax profits from £132,800 to £166,800 in the half-year to October 31.

Turnover expanded to £646,300 (£616,200) and earnings were up at 18.6p (14.8p) per share.

Weir expands in US pumps with $22m buy

By Peggy Hollinger

WEIR Group, the UK engineering company, is moving into the US pump market with the $21.7m acquisition of Peabody Floway, the California-based manufacturer of turbine products which claims about 11 per cent of the domestic market.

The announcement was accompanied by a £12.8m placing of 3mshares at a 4 per cent discount to yesterday's price of 422p, to raise £12.3m. The new shares would represent about 4 per cent of the group's enlarged share capital.

Mr Ron Garrick, chief executive, said the acquisition fitted into the group's strategy of buying smaller businesses in the US and Europe with the aim of building them into larger concerns.

Mr Garrick said the biggest opportunities in the US lay in the power station field. Over the last five years, power stations had accounted for about 20 per cent of Weir's business, although very little had been done in the US.

Mr Garrick expected Peabody – which would be included for a full 12 months in Weir's 1992 accounts – to contribute at least the £5.1m pre-tax profits which it made in 1991.

Barclays agrees to lead YJ Lovell refinance talks

By Peggy Hollinger

YJ LOVELL, the UK housebuilder, sought to reassure customers and shareholders yesterday with the announcement that Barclays had agreed to lead refinancing talks following recent warnings that it was in potential breach of two covenants.

The discussions will be held by Lovell's six main bankers, three of which claim the bulk of its facilities.

Mr Trevor West, finance director, said the group would have been in breach of its net worth and interest cover covenants following the announcement of its on Monday. However, these have been waived while the discussions take place.

The group said in a statement last night that "in the absence of a major deterioration in the financial position ... [the group] will have sufficient banking facilities ... to cover borrowing requirements during the coming year". Lovell is estimated to have debt of about £106m, including off-balance sheet obligations of £41m.

Last month, Lovell said it planned to make provisions of £62m for closures of companies and a revaluation of its landbank. Analysts are forecasting losses of between £20m and £50m for the year to September.

The shares, which collapsed from 96p to 32p on November 29 when the provisions were announced, held firm yesterday to close at 27p.

EIT expands as losses decline to £99,000

EIT, the USM-quoted industrial wholesaler and computer services group, is acquiring Sintrom, which has similar interests, via a recommended share offer worth £1.7m. Irrevocable undertakings to accept the 6-for-5 share offer, have been accepted in respect of 65.1 per cent of the equity.

In addition, EIT is raising £2.3m net by way of a placing and open offer of new ordinary at 15p each and a placing of 12 per cent convertible redeemable unsecured loan stock.

EIT is also acquiring Software Networks for a maximum £550,000 in shares of which £500,000 is profit-related.

For the six months to September EIT incurred a pre-tax loss of £99,000 (£128,000). Loss per share was 1.05p (2.39p).

Net asset value falls to 122.58p TR Technology

The net asset value per ordinary share at TR Technology, the investment trust, was 122.58p at October 31, 1.3 per cent lower than the 124.25p standing six months earlier. The nav per zero dividend preference share was 5.9 per cent higher at 149.12p and that for the stepped preference 2.4 per cent up at 118.19p.

Pre-tax revenue for the half year to the end of October fell from £2.54m to £2.34m and total net assets increased 3.2 per cent to £182.4m. Earnings declined to 1.64p (1.99p) per share.

Wizard plan to underpin brick market

Michiyo Nakamoto on the reasons behind Redland's proposed merger with Steetley

MR ROBERT NAPIER, chief executive of Redland, has difficulty hiding his excitement over the thought of a possible merger with Steetley.

On the day that Redland announced its bid, he had been seeing shareholders armed with the effort of two years work put into thinking out the logic and practicality of a deal with Steetley.

"The combination is truly visionary," he says as he leafs through the pages of a heavy green book containing the arguments his team has put together for the merger,codenamed Merlin.

The plan had been presented to Redland's board in June.

Ideally, any bid would have come later after the UK recession was seen to have truly hit bottom. However the announcement of Steetley's joint venture with Tarmac forced Redland's hand.

The commercial benefits of bringing together Redland and Steetley were compelling, claims the youthful Mr Napier, who, at the age of 43, is probably facing the biggest test yet of his career.

The two businesses are complementary in terms of geography, product range and customer base, and a merger would address the overcapacity in the UK bricks market as well as create a major international building materials group.

UK brick sales have been running 25 per cent below capacity while prices have fallen by an average of 15 per cent in the past year. The outlook, brick manufacturers agree, is not likely to improve until well into next year at least.

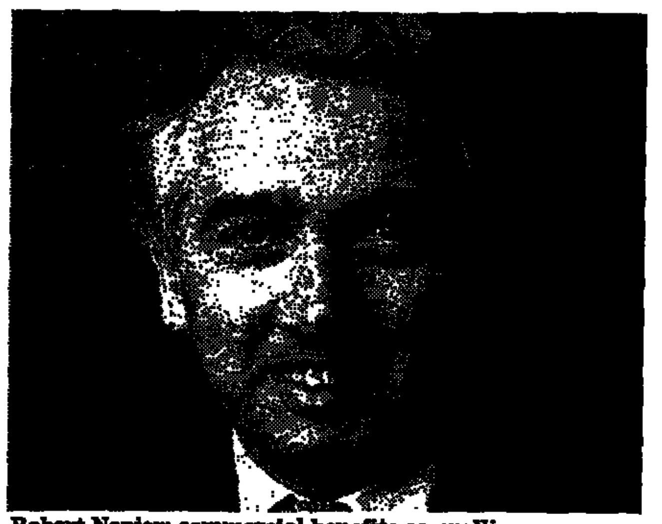
"There isn't going to be demand-led growth, there isn't going to be price-led growth. There has got to be rationalisation," says Mr Gerald Corbett, Redland financial director.

The combined group would have brick manufacturing capacity of 800m. Redland plans to reduce that to 650m through the permanent closure of between 11 to 13 plants, including five of its own which it has already closed temporarily.

There are the additional benefits of being able to reduce overheads, purchasing economies and production synergies, Redland claims, as well as the advantages of pulling together the financing operations.

For Redland there is also the attraction of being able to use Steetley's capacity to offset profits against advance corporation tax. With more than 70 per cent of group profits earned outside the UK, Redland does not have sufficient UK profits to offset against ACT.

But it is the European vision that makes the bid especially attractive to Redland, which earns the bulk of its profits in Germany, where it controls Braas, the leading manufacturer of pitched roofing products, the US, the Netherlands and Australia.



Robert Napier: commercial benefits compelling

Steetley's French aggregates business would be a useful addition. Mr Napier says: "Taking the medium term view we'd like to be a major player in aggregates in continental Europe."

Steetley is one of the largest aggregates producers in Europe. A merger would take Redland from being fourth or fifth in aggregates in the UK to one of the top producers in Europe.

While maintaining its position as world leader in pitched roofing materials, Redland would also be able to achieve the kind of scale in bricks it needs to become an international company. The merger, Mr Napier says, would create "the building materials company" of Europe.

Unfortunately for Mr Napier and his team, Steetley had already chosen to address the problem of overcapacity in the UK building materials industry in its own way.

Last week it announced a joint venture with fellow building materials group, Tarmac, which would merge their domestic bricks, clay, rooftile and concrete products businesses.

"This was something that had to be done," said Mr David Donne, Steetley's chairman, in defending the deal with Tarmac.

Mr Donne, who calls Redland's offer "inadequate", is particularly piqued by the predator's claim that the joint venture dilutes Steetley's assets and is more favourable to Tarmac.

"I don't agree with what they say about the joint venture. The industry needs this and we were first off to do this."

The timing of the announcement of the joint venture, and the decision by Steetley to hold an extraordinary general meeting on December 18 to vote on it, meant that Redland was forced to act fast in launching its bid. Its offer is conditional on the joint venture with Tarmac not proceeding.

A combined Steetley-Redland would have to realise in excess of £18m of merger benefits in order to cover the premium attached to its offer, City analysts believe.

Although it is doubtful whether Redland can do that without bringing restructuring costs above the line and affecting next year's earnings, Mr Napier is confident that this can be achieved and that disposals will not be necessary.

"We know what we are doing," says Mr Napier, the green book at his side. "We're buying businesses we know."

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Price for Trading on 14.12.91: Pool purchase price £/MWh	Final Prices for Trading on 16.11.91: Pool purchase price £/MWh	Final Prices for Trading on 16.11.91: Pool selling price £/MWh
0030	17.15	16.45	16.45
0100	20.72	20.79	23.35
0130	27.50	28.00	28.74
0200	27.50	28.00	28.70
0230	19.58	18.14	20.60
0300	19.58	18.14	20.60
0330	16.95	16.53	16.53
0400	16.63	16.34	16.34
0430	17.11	16.34	16.34
0500	17.05	16.34	16.34
0530	17.46	16.30	16.30
0600	17.46	16.30	16.30
0630	17.46	16.30	16.30
0700	17.54	16.30	16.30
0730	19.44	16.30	16.30
0800	19.44	16.45	16.45
0830	19.44	18.39	20.89
0900	21.66	18.11	21.84
0930	28.54	28.18	31.02
1000	28.54	28.16	30.98
1030	28.54	28.16	30.98
1100	28.54	20.68	23.22
1130	21.79	19.67	22.26
1200	21.41	19.67	22.21
1230	21.41	19.67	22.21
1300	20.42	19.67	22.20
1330	17.58	19.67	22.18
1400	17.45	16.43	16.43
1430	17.28	16.30	16.30
1500	17.32	16.30	16.30
1530	17.32	16.30	16.30
1600	17.41	16.34	16.34
1630	20.42	16.46	16.46
1700	23.77	20.89	23.43
1730	27.01	26.64	29.20
1800	27.01	26.54	29.19
1830	26.99	26.54	29.19
1900	23.75	24.74	27.35
1930	21.47	22.34	24.89
2000	21.47	20.89	23.41
2030	21.47	20.30	22.81
2100	19.44	18.50	20.97
2130	17.54	18.50	20.97
2200	17.41	18.50	20.97
2230	17.41	16.43	16.43
2300	17.32	16.30	16.30
2330	17.08	16.26	16.26
2400	17.11	16.29	16.29

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

ECONOMIC DIARY

TOMORROW: National Savings results (November).

MONDAY: CBI monthly trends enquiry (December). Index of output of the production industries (October). Retail sales (November-provisional). US industrial production (November). The Middle East peace talks are expected to resume in Washington. The general affairs council of the European Community holds two-day meeting in Brussels. Judgement in case of BT employees claiming damages for repetitive strain injury expected in the City of London County Court. International conference on Aids in Dakar.

TUESDAY: Company liquidity (third quarter). Public sector borrowing requirement (November). US housing starts, building permits (November). Environmental organisations (Friends of the Earth, Greenpeace, World-wide Fund for Nature) meet in Paris to prepare draft document to present to UN conference in Rio next June.

WEDNESDAY: New construction orders (October-provisional). Investment intentions of the manufacturing and service industries (autumn survey). US capital spending figures (third quarter). Start of two-day United Kingdom parliamentary debate on the Maastricht summit. Mr Roger Levitt, founder and chairman of the collapsed Levitt financial services group, accused of theft at Bow Street Magistrates Court.

THURSDAY: Cross-border acquisitions and mergers (third quarter). Labour market statistics: unemployment and unfilled vacancies (November-provisional); average earnings indices (October-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Major British banking groups' monthly statement (November). Provisional estimates of monetary aggregates (November). Provisional figures of vehicle production (November).

FRIDAY: Gross domestic product (third quarter-provisional). About 20 parties, including South African government, Inkatha and the ANC, due to hold talks on non-racial constitution in Johannesburg (until December 21).

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Dec 12 Index No.	Wed Dec 11 Index No.	Tue Dec 10 Index No.	Year ago (approx) Index No.	1991 High	1991 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (179)	749.60	+0.8	9.05	6.44	14.14	34.30	743.84	728.51	730.46	726.97	890.04 15/3	675.31 16/1	1038.07 16/7/87	50.71 13/12/74
2 Building Materials (23)	900.53	+0.7	7.74	6.92	17.44	46.51	894.01	869.19	869.77	983.88	1167.75 14/3	849.28 6/12	1382.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (29)	918.23	+0.1	8.15	8.24	17.97	51.42	916.91	910.73	917.04	1144.13	1438.66 15/3	895.94 6/12	1951.50 16/7/87	71.48 2/12/74
4 Electricals (10)	2380.04	+0.6	10.13	6.22	12.56	98.23	2365.15	2326.37	2344.31	1920.07	2675.48 1/10	1837.98 22/1	3040.80 8/9/89	84.71 25/6/62
5 Electronics (25)	1687.23	+2.3	10.96	5.11	11.57	53.94	1648.63	1618.73	1620.54	1559.96	1958.19 15/3	1478.08 16/1	2308.22 19/5/89	1229.91 8/10/85
[illegible]														

FIXED INTEREST

[illegible]

LONDON TRADED OPTIONS

[illegible]

TRADITIONAL OPTION 3-month call rates

[illegible]

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Carr's Milling ......fin	2.9	Jan 24	5.75	3.9	7.5
Ensor § ......int	nil	-	1.25	-	1.25
Neolronics ......fin	1.72	-	1.6	2.52	2.4
Smith (David S) ......int	2.75†	Mar 16	2.75	-	9.5
Strata Invests ......fin	1.4	Feb 7	1.32	1.4	1.32

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	103	101	Aberforth Sm. Co's. C.Shs.	103	+2	-	-	-	-
-	F.P.	-	61	44	BTR Warrants 1995/96	51	-1	-	-	-	-
-	F.P.	-	143	90	Baillie Gifford Jap Wrts.	116	+13	-	-	-	-
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. g Earnings based on preliminary figures. n Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-92. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Dec. 2
- Last Dealings Dec. 14
- Last Declarations March 5
- For settlement March 16

3-month call rate indications are shown on page 9.

Calls in **Aegis, Albert Fisher, Alexandra Workwear, Amstrad, ASDA, Barratt Devs., D.C. Gardner, Lonrho and Wharfedale.** Puts in **Amstrad and Wharfedale.** Puts and calls in **Premier Cons.**

Stora to axe 2,500 jobs in cost-saving move

By Robert Taylor in Stockholm

STORA, Europe's largest paper and pulp company, is intensifying its cost-cutting programme in 1992 with a reduction of 2,500 in the size of its 45,000 strong workforce. It is hoped to reduce the company's liabilities by SKr5bn ($869.6m) through the proposed rationalisation.

The company has been forced to take the action because of the global recession in pulp and paper products. Mr Bo Berggren, Stora's president and chief executive officer, said that the "severe market conditions with overcapacity, depressed prices and increased competition" would continue next year.

The company is setting aside SKr300m to cover the cost of the restructuring and this will be posted in this year's accounts alongside SKr100m already placed there to cover Stora's earlier contraction plans.

The latest measures will include the closure of operations and units in the company, streamlining Stora's internal organisation and the transfer of manufacturing activity to limit the product range in each plant. Investment activity is also to be held in check during 1992.

The latest cost reductions come on top of Stora's existing rationalisation plans that began in 1990 with the loss of 3,500 jobs and saving of SKr800m.

Stora's sale to Metallgesellschaft, the German engineering group, of the non-forest industry segments within Feldmühle Nobel (FeNo) – the German group – which it acquired in 1990, will reduce the company's net indebtedness by SKr7bn effective on January 1.

"The recession is affecting all our business areas except research and development," said Mr Berggren. Stora's profits for the first eight months fell by 31 per cent to SKr1.19bn, a worst result than expected.

Stora Papyrus, the fine paper company, said it intended to push through a SKr400m cost savings programme in the latter part of next year with a cut of 600 jobs through plant closures and rationalising production.

Stora Papyrus blamed production overcapacity in Europe as well as a harsh competitive climate for its decision to go ahead with structural changes. This follows a SKr1.4bn investment over the past two years to improve productivity and product quality.

Czech group brings in US broker to aid futures

By Barbara Durr in Chicago

KOOSPOL, a large Czechoslovakian trading company, has signed a letter of intent with two brokers to create a futures and options trading organisation.

Koospol, with a $1bn per year turnover in agricultural and processed food products, has teamed up with Rodman & Renshaw, a Chicago securities and futures brokerage, and CA Global, a Vienna commodities brokerage which is a 50/50 joint venture of Rodman & Renshaw and Creditanstalt, the Austrian bank.

The agreement, which runs for three years, would establish a futures and options trading organisation in Prague for Koospol.

To prepare Koospol to manage its own commodities trading arm, Rodman & Renshaw and CA Global are to train Koospol personnel and advise on trading strategies.

Mr Karel Pobuda, the vice president of Koospol for business development who was in Chicago to sign the agreement, said the group wanted to hedge its risks in physical commodities and in currencies.

Koospol imports about two thirds of its total turnover and exports the remainder. Imports consists mainly of soyabean products, vegetable oil, oilseeds, rice, beef and frozen fish. Its exports include sugar, hops, beer and confections.

In addition, Mr Pobuda said the group would like to be more active in the developing Czechoslovakian stock market.

Koospol, founded as a joint stock company in 1946, grew out of the credit and agricultural co-operatives whose roots reach back to the last century. It was transformed into a state monopoly under the former socialist regime, but with the political changes of the last two years it has moved to make itself more structurally and commercially flexible.

● Shanghai's stock exchange is planning to experiment with futures trading, Reuter reports.

Mr Wei Wenyuan, general manager of the bourse, said futures trading is a necessary development in the securities industry, but as it involves certain speculative elements, a full scale launching of futures under China's current conditions still faced many difficulties.

As a result, small scale bond futures experiments needed to be carried out first, Mr Wei said, adding that this was another step towards the internationalisation of China's first exchange.

High flier spins out the money game

Nikki Tait on American Airlines' endeavours to raise its fund management profile

A discreet slip of paper lurked between the cheese ravioli and the frozen yoghurt as the American Airlines' DC-10 headed for Los Angeles. "American AAdvantage Money Market Fund," it read. "The fund that can really take you places."

This is not a flight of fancy. In what must rank as one of corporate America's most extraordinary diversifications, the nation's largest airline is becoming a fund manager.

The genesis for the scheme is simple. Airlines throw off large amounts of short-term cash, and money management expertise becomes a necessity. American, which at end-1990 employed over 87,000 people, also has a multi-billion dollar pension fund and handles its short-term assets in-house.

So when the airline took a hard look at opportunities outside the mainstream business five years ago, selling its investment skills seemed a logical step.

At that stage, nine people were managing about $3bn of pension fund cash, and a further $1bn of airline monies. By seeking outside funds, reasoned the carrier, fee income could be won for little extra overhead. Even better, this would be dependable income, cushioning the notoriously volatile returns from airline.

The initial target was institutional money – and modestly successful. Today fifty-odd clients – including a Cadbury-Schweppes' US holding company – own shares in a family of open-ended funds marketed under the American AAdvantage banner. Money under American's direct management has more than doubled (partly due to pension fund expansion) and the airline's own investment department has grown to 22 people.

In practice, only two of the funds – a money market fund and a "limited income" fund – are actually managed from the airline's Dallas-Fort Worth headquarters. The other three equity-based funds are handled by six external investment managers – these are among the 18 separate managers of the American pension fund's non-cash assets – while American deals with marketing and administration.

About a month ago, however, matters moved up a gear. The airline began inviting public money into its money market fund – and this, according to Bill Quinn who runs AMR Investment Services, could just be the start. "We are looking at a number of product areas," he says, suggesting that a "more conservative" Treasury money market fund and a tax-exempt fund may be next on the public runway.

Of course, the notion of exploiting in-house financial skills is not new. Some of the biggest US consumer goods groups, such as General Electric or Whirlpool, have branched into financial services. In GE's case, this business now rivals its core activity for size. But marketing to the man in the street is rarer, and even American concedes that past precedents have been mixed.

The airline's strength, besides some investment skills, is its easily accessible customer base. Slips of paper on in-flight dinner trays make for cheaper marketing than TV ad campaigns. American's "frequent flier" programme also presents a potential marketing "twist".

Public participants in the money market fund receive a slightly lower rate of return than institutional investors (because of higher costs), but they do earn "free air-miles" pro rata to the size of their investment. For example, anyone who maintains the minimum $10,000 investment can clock up 1,000 miles of free flying annually.

That said, there is no question that marrying a sensitive fund management operation to anything as high-profile and competitive as the airline business has its dangers, too. Mr Quinn concedes that touting equity funds to the general public might be particularly fraught should the stock market subsequently plunge or performance disappoint. "People could get mad at the airline," he says bluntly.

In fact, Mr Quinn adds, talks are currently underway between American and undisclosed retail brokerage operations, to explore an alternative distribution network.

And, alongside an airline which pulled in almost $12bn of revenues last year, the fund management sideline does remain modest.

That said, the business of transporting travellers has generated over $150m of after-tax losses during past 21 months. The fund management venture has been profitable. In these straitened times, every little helps.

EOE set for switch to computer-based trading

By Ronald van de Krol in Amsterdam

THE EUROPEAN Options Exchange, Amsterdam's successful 13-year-old options market, is likely to ask its members to abandon their traditional "open outcry" system in favour of computer screen-based trading in the next few years.

A report published by an EOE working group late last week has concluded that "the switch to a computer screen trading system is inevitable from the perspective of costs and efficiency."

The report's findings stand in sharp contrast to the recent reaffirmation by the nearby Amsterdam Stock Exchange that it will continue to rely on a central trading floor.

The EOE's relatively recent German counterpart, the Deutsche Termin Börse (DTB), is an entirely screen-based market.

EOE's management expects to take several months on deciding whether to accept the advice of its working group. If it does, the introduction of computer-based trading at the EOE – the oldest and still the largest in Europe – could begin by late 1993, bringing far-reaching changes to the market.

One immediate consequence would be the loss of one third of the 229 staff jobs at the EOE.

The EOE is faced with a difficult choice between modernising its existing computers while retaining a trading floor and introducing an entirely new computer screen-based system. Modernising the existing floor system would cost Fl 67m ($37m), compared with a Fl 47m investment in screen-based trading.

In September, the EOE's move to set up the working group on computer-based trading sparked concern among the exchange's smaller, independent members that they would not be able to afford the cost of automation. The EOE is now proposing to help smaller members pay for their new equipment and to offer them space in the exchange's building. Larger members, such as Dutch banks and stock brokerages, would likely move operations to their back offices.

Any move to screen-based trading would have to be approved by EOE's members.

Tourang back in the running for Fairfax

By Kevin Brown in Sydney

TOURANG, the consortium established by Mr Conrad Black to bid for Australia's Fairfax newspaper group, was back in the running yesterday after being ruled out by the the federal government earlier in the week.

Mr Ralph Willis, the federal Treasurer, said the government had no objections to a revised bid submitted after the government ruled Tourang's initial offer was "against the national interest."

The ruling was one of the last official acts by Mr John Kerin, the former Treasurer who was sacked last week by Mr Bob Hawke, the Labor (correct) Prime Minister.

Mr Kerin is understood to have objected to the level of foreign equity in Tourang's shareholding structure, which would have given a 15 per cent non-voting stake in Fairfax to Hellman & Friedman, the US investment bank.

Under the revised bid, Hellman & Friedman would take a 5 per cent non-voting stake in the form of debentures. Mr Black's UK Daily Telegraph group would take 15 per cent of the voting shares in Fairfax with the balance being sold to to Australian investors.

Mr Willis said Tourang had also assured him that Fairfax would be run by an Australian management team. The government is believed to have been concerned by Tourang's lack of Australian backers.

The announcement reinstates Tourang as a serious bidder for Fairfax after a number of setbacks including the withdrawal of Mr Kerry Packer, the Australian media proprietor, who was to have taken a 15 per cent stake. Two other Australian directors have also withdrawn during the bidding process.

Conrad Black: initial offer against 'national interest'

Tourang is one of three consortia which have bid between A$1.4bn and A$1.5bn for Fairfax, which publishes the Sydney Morning Herald, the Australian Financial Review and The Age in Melbourne. The group was put into receivership a year ago by its bankers with debts of A$1.3bn (US$1bn) plus US$450m in junk bonds.

The other bidders are Australian Provincial Newspapers, headed by Mr Tony O'Reilly, the Irish newspaper proprietor who is also chief executive of Heinz, the US foods group; and Australian Independent Newspapers, which is backed by a group of domestic financial institutions.

All the bidders have undertaken to float the bulk of Fairfax shares. The receiver is also considering a proposal from C.S. First Boston, the stockbroker, to float 100 per cent of the group.

Delta allowed London route temporarily

By Nikki Tait in New York

DELTA AIR Lines, one the large US carriers, has been awarded temporarily the right to fly between Detroit and London, a route formerly operated by Pan Am. Pan Am grounded its fleet last week.

Delta has said it purchased this route from Pan Am during the autumn when it acquired all the now-defunct carrier's remaining Transatlantic assets. However, Northwest Airlines, which has a hub at Detroit, fiercely contested Delta's application to fly the Detroit-London route, which needed approval from the US Department of Transportation.

Yesterday's decision by the DoT gives Delta permission to fly the route for six months, or until the Department decides which carrier should provide the service permanently. The DoT said Delta's proposal, which included an offer to continue Pan Am's one-stop service between Cleveland (via Detroit) to London, was superior to Northwest's.

Delta claimed that the Detroit-London service was one of the most attractive assets in the "Transatlantic" package it bought from Pan Am.

Banesto defers issue of ADRs

SPAIN'S Banco Espanol de Credito (Banesto) is to postpone the issue of $150m in American depository receipts (ADRs) until late next month, AP-DJ reports from Madrid.

Banesto said the bank had hoped to offer the ADRs before the end of the year, but decided to delay the issue in light of uncertain market conditions on Wall Street.

ADRs allow investors to buy shares in a foreign company in New York, rather than purchasing the stock on an overseas market.

Merrill Lynch is lead-managing the planned issue.

Greek bank plans disposals

By Kerin Hope in Athens

THE state-controlled National Bank, Greece's largest commercial bank, plans to dispose of several subsidiaries, including a loss-making chain of luxury hotels, an insurance company and a small commercial bank.

National Bank is trying to restructure its operations to compete effectively in the single market.

The bank is also under pressure to contribute to the government's privatisation programme.

Bids are due later this month for the Astir Hotel in central Athens, one of nine properties in the group. Two other hotels, in Corfu and Rhodes, will be offered for sale next year.

The remaining units, among them a hotel complex at Vouliagmeni near Athens Airport, are to be offered on 50-year leases as they were built on public land which cannot be sold.

The Astir Hotel Group posted losses of Dr1.1bn ($6m) last year, while accumulated debt totalled Dr3.5bn.

Only two hotels in the chain are currently operating profitably.

Astir Insurance, with a nationwide sales network, is to be sold next year, according to the bank.

The company has a 5 per cent share of the Greek general and life insurance market. It posted profits of Dr158m in 1990 after several years in the red.

The Traders Credit Bank, one of Greece's smallest commercial banks with only 20 branches, will also be offered for sale in 1992.

The bank doubled its profits to Dr1.22bn last year.

Correction

Citroën

It was incorrectly reported yesterday that Citroën, the French carmaker, is part of the state-controlled Renault group. As stated in the same article, Citroën is part of the Peugeot group.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$358.90	-9.25	$373.75	$392.25	$353.55
Silver Per troy oz	213.25p	-12.10	204.15p	280.55	183.35p
Aluminium 99.7% (cash)	$1097.5	+15	$1520	$1570	$1082.5
Copper Grade A (cash)	£1194	-33.5	£1271.5	£1472	£1194
Lead(cash)	£291	-6	£329	£382.5	£282.75
Nickel (cash)	$7105	+5	$7932.5	$9237.5	$7090.0
Zinc SHG (cash)	$1142	-67	$1277.5	$1430	$990.25
Tin (cash)	$5505	+20	$5800	$5915	$5452.5
Cocoa Futures (Mar)	£783	+9	£693	£824	£596
Coffee Futures (Mar)	£585	-3	£599	£619	£492
Sugar (LDP Raw)	$227	-9.4	$247.0	$293	$194
Barley Futures (Mar)	£122.05		£119.40	£122.95	£107.75
Wheat Futures (Mar)	£128.00	+0.30	£122.75	£141.10	£111.80
Cotton Outlook A Index	61.65c	+0.10	84.10c	86.25c	61.55c
Wool (64s Super)	417p	+2	414p	421p	329p
Oil (Brent Blend)	$19.025x	-0.10	$26.35	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Feb.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.65-5.75q	+0.45
Brent Blend (dated)	$19.00-9.15	+0.50
Brent Blend (Jan)	$19.00-9.05	+.475
W.T.I. (1 pm est)	$20.30-0.35q	+0.50

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$200-203	+1
Gas Oil	$184-185	+5
Heavy Fuel Oil	$73-74	+1
Naphtha	$193-194	+5.5

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$358.90	-0.25
Silver (per troy oz)♣	398.0c	+3.0
Platinum (per troy oz)	$356.25	-10.35
Palladium (per troy oz)	$83.25	-1.00
Copper (US Producer)	102.5c	+0.5
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	14.66r	-0.02
Tin (New York)	255.5c	
Zinc (US Prime Western)	82.0c	
Cattle (live weight)†	108.45p	+1.49*
Sheep (dead weight)†	150.37p	-1.40*
Pigs (live weight)†	91.17p	+5.77*
London daily sugar (raw)	$227.0x	-2.2
London daily sugar (white)	$271.5x	-0.5
Tate and Lyle export price	£233.5	-1.0
Barley (English feed)	£120.5	
Maize (US No. 3 yellow)	£147	+1
Wheat (US Dark Northern)	£101	
Rubber (Jan)♥	49.25p	+0.25
Rubber (Feb)♥	49.50p	
Rubber (KL RSS No 1 Jan)	215.5m	+0.5
Coconut oil (Philippines)§	$627.5z	
Palm Oil (Malaysian)§	$375	
Copra (Philippines)§	$405	-20
Soyabeans (US)	£143	-1
Cotton "A" Index	61.65c	-0.20
Wooltops (64s Super)	417p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb t-Feb/Mar u-Jan/Mar x-Nov/Dec y-Jan/Feb z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	190.80	190.00	190.00 188.20
May	189.00	188.00	189.60 187.00
Aug	190.00	189.00	188.00 187.00
Oct	190.00	188.00	186.60
White	**Close**	**Previous**	**High/Low**
Mar	272.5	272.2	273.5 272.4
May	272.5	272.7	273.2 272.2
Aug	276.9	277.0	277.5 276.5
Oct	259.4	259.5	260.0 258.5
Dec	258.4	258.5	259.0

Turnover: Raw 184 (1028)lots of 50 tonnes. White 366 (1350)
Paris- White (FFr per tonne): Mar 1512.28, May 1527.51

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Jan	19.06	18.58	19.15 18.80
Feb	18.97	18.61	19.07 18.79
Mar	18.88	18.56	18.92 18.71
Apr	18.85	18.40	18.85 18.64
May	18.60	18.35	18.60 18.50
Jun	18.65	18.30	18.65
Jul	18.40	18.25	18.40
IPE Index	18.49	18.04	

Turnover 17073 (29659)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jan	183.25	177.00	183.50 179.00
Feb	183.00	177.00	183.25 180.00
Mar	178.75	174.00	179.50 176.50
Apr	174.00	170.50	175.50 174.00
May	171.25	169.25	172.75 171.00
Jun	170.25	171.50	171.00 170.00
Jul	174.50	173.50	175.00 174.00
Sep	177.00		177.00

Turnover 12665 (20655) lots of 100 tonnes

SPICES
The European spice market remained stable this week, reports Man Producten, although manufacturer demand was limited in view of coming Christmas period. Cassia from Indonesia was unchanged but spot supplies were at premiums and shipment supplies were cheaper; Vera A sticks were quoted at US$1,950 a tonne and KB broken/cleaned at $1,250 a tonne, cif Europe. Parcels of Jamaican pimento were still available at just below the official price; January/February shipment supplies were quoted at $2,375 a tonne, cif Europe. Mexican spot supplies from Hamburg warehouses were offered at $2,300 a tonne.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	750	752	748
Mar	783	780	790 780
May	805	802	814 803
Jul	829	825	839 827
Sep	853	850	861 855
Dec	883	881	893 881
Mar	910	909	923 909
May	925	926	938 934
Jul	942	943	953 952
Sep	956	958	966 965

Turnover: 11104 (7411) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.11 974.14 (958.12) 10 day average for Dec.13 959.82 (957.05)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Jan	1045	980	1045 988
Mar	1026	966	1026 967
May	1028	978	1035 980
Jul	1025	989	1008 1000
Sep	1023	1005	1022 1010
Nov	1045	1020	1044 1025

Turnover:3596 (3066) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.12: Comp. daily 61.33 (61.92) 15 day average 64.88 (65.19)
Sterling close: January £588 , March £ 586

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	117.30	118.5	118.10 117.00
May	137.20		138.00 137.00

Turnover 50 (56) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	124.00	125.00	124.00

Turnover 75 (7) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Dec	1545	1546	1548 1545
Jan	1578	1586	1578 1574
Feb	1578		1585 1585
Apr	1579	1586	1580 1575
Jul	1375	1363	1365
BFI	1547	1548	1547

Turnover 180 (148)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Jan	124.40	123.90	124.40 124.15
Mar	128.00	127.55	128.00 127.75
May	131.40	130.90	131.40 131.15
Sep	110.50		110.50
Barley	**Close**	**Previous**	**High/Low**
Jan	116.75	119.00	119.00 118.75
Mar	122.05		122.30 122.05
May	124.10		124.20 124.10

Turnover: Wheat 337 (349), Barley 210 (0). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	107.0	107.0	106.5
Mar	107.5	108.0	107.0
Apr	107.5	108.0	107.0
May	108.0	108.5	107.5

Turnover:98 (45) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	129.79	131.69			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 17,586 lots
Cash	1097-8	1100.5-1.6	1094	1094-4.5		
3 months	1121-2	1124-5	1125/1117	1118-8.5	1126-7	134,581 lots
Copper, Grade A (£ per tonne)						Total daily turnover 24,755 lots
Cash	1193-5	1209-11	1199/1196	1195-6		
3 months	1215-6	1225-6	1223/1215	1217-7.5	1217-8	106,808 lots
Lead (£ per tonne)						Total daily turnover 2,036 lots
Cash	290.5-1.5	295-6	291	290.5-1		
3 months	301.25-1.75	304.5-5	304/301	301-1.5	301-2	15,968 lots
Nickel ($ per tonne)						Total daily turnover 2,827 lots
Cash	7100-10	7100-5	7100/7060	7090-100		
3 months	7170-5	7160-5	7179/7160	7165-70	7170-5	19,119 lots
Tin ($ per tonne)						Total daily turnover 479 lots
Cash	5500-10	5520-30	5510	5510-1		
3 months	5550-5	5565-70	5560/5555	5558-62	5555-60	4,835 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 12,386 lots
Cash	1141-3	1201-3		1182-3		
3 months	1108-9	1158-9	1157/1108	1141.5-2.5	1115-6	40,682 lots

LME Closing £/$ rate:
SPOT: 1.8170 3 months: 1.7902 6 months: 1.7653 9 months: 1.7419

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	358.65-359.15	
Opening	358.70-359.00	
Morning fix	358.90	198.590
Afternoon fix	359.05	197.497
Day's high	359.40-359.70	
Day's low	357.10-357.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.22	6 months	3.84
2 months	4.12	12 months	3.75
3 months	3.96		

Silver fix	p/fine oz	US cts equiv
Spot	212.85	386.50
3 months	216.50	389.60
6 months	223.85	393.85
12 months	234.75	402.35

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	359.00-360.00	197.50-198.00
Maple leaf	370.00-371.00	203.50-204.00
New Sovereign	87.50-88.50	48.25-48.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1000	126	154	4	10
1100	51	83	28	38
1200	13	37	89	87
Copper (Grade A)	**Calls**		**Puts**	
2100	106	117	24	49
2200	48	67	65	95
2300	17	34	133	159
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
500	88	87		3
550	39	47	1	13
600	5	21	17	37
Cocoa	**Mar**	**May**	**Mar**	**May**
750	54	80	21	25
775	40	64	32	34
800	30	51	47	46
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
1850				
1900	57			
1950	37		75	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	359.4	356.0	359.5	358.1
Jan	360.0	358.6	0	0
Feb	361.3	359.9	361.5	359.2
Apr	363.6	362.2	363.9	361.6
Jun	365.9	364.5	368.0	364.0
Aug	368.3	366.8	366.5	366.5
Oct	370.5	369.0	0	0
Dec	372.9	371.4	372.5	371.4
Feb	375.5	373.9	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Dec	355.8	0	356.0	356.0
Jan	357.1	361.8	361.0	354.0
Apr	358.7	363.7	362.0	355.0
Jul	360.7	368.2	363.5	361.0
Oct	366.7	372.2	367.0	367.0
Jan	368.2	374.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	383.5	382.2	384.0	382.0
Jan	384.5	383.3	0	0
Feb	386.0	384.8	385.0	385.0
Mar	387.5	386.3	389.5	382.5
May	391.1	389.7	393.0	386.0
Jul	394.4	393.0	396.0	390.0
Sep	397.8	396.4	397.5	396.0
Dec	403.1	401.6	406.0	400.0
Jan	405.1	403.5	0	0
Mar	408.9	407.1	410.0	408.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	97.75	97.80	97.80	97.10
Jan	97.75	97.75	97.65	97.20
Feb	97.60	97.70	97.60	97.00
Mar	97.45	97.30	97.60	96.80
Apr	97.40	97.15	0	0
May	97.20	97.00	97.10	96.70
Jun	97.10	96.90	0	0
Jul	96.95	96.80	96.90	96.50
Aug	96.85	96.75	96.70	96.70
Sep	96.75	96.65	96.60	96.50

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jan	20.34	19.96	20.45	20.12
Feb	20.27	19.94	20.38	20.10
Mar	20.20	19.89	20.28	20.04
May	20.06	19.83	20.06	19.95
Jun	19.96	19.80	20.02	19.90
Aug	19.88	19.75	19.95	19.86
Sep	19.87	19.74	19.89	19.87

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jan	5775	5655	5815	5710
Feb	5875	5758	5920	5825
Mar	5825	5719	5850	5770
Apr	5645	5550	5660	5600
May	5490	5382	5495	5445
Jun	5390	5302	5395	5350
Jul	5400	5287	5390	5355
Aug	5460	5357	5490	5440
Sep	5610	5477	5610	5610
Oct	5690	5572	5715	5640

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1280	1256	1288	1270
Mar	1310	1293	1321	1302
May	1346	1330	1355	1344
Jul	1376	1359	1384	1372
Sep	1403	1386	1410	1405
Dec	1440	1425	0	0
Mar	1468	1455	1479	1468
May	1490	1477	1499	1499
Jul	1513	1500	0	0
Sep	1534	1526	1534	1534

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	75.80	73.50	74.00	73.25
Mar	79.30	79.05	80.25	79.15
May	81.60	81.65	82.60	81.75
Jul	84.70	84.10	85.45	84.80
Sep	87.25	86.85	88.00	87.25
Dec	90.70	90.15	91.20	90.70
Mar	95.00	94.00	94.00	94.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.61	8.60	8.67	8.59
May	8.53	8.54	8.59	8.51
Jul	8.52	8.48	8.54	8.45
Oct	8.47	8.47	8.49	8.43
Mar	8.42	8.45	8.42	8.42
May	8.39	8.45	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	59.70	61.51	59.75	58.85
May	60.88	63.60	60.95	60.00
Jul	61.87	64.00	61.90	61.25
Oct	63.60	65.10	63.50	63.36
Dec	64.15	65.40	64.10	64.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	160.80	159.70	162.75	160.50
Mar	162.30	161.55	163.60	161.50
May	162.80	161.70	163.25	162.00
Jul	162.30	161.55	163.00	162.25
Sep	159.35	157.75	0	0
Nov	150.35	148.60	0	0
Jan	148.80	147.00	0	0
Mar	148.80	147.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec.13	Dec.12	mnth ago	yr ago
1602.4	1606.6	1628.7	1720.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec.12	Dec.11	mnth ago	yr ago
Spot	113.31	113.87	114.01	123.27
Futures	119.73	120.54	121.96	125.98

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	563/0	544/0	565/0	544/0
Mar	560/4	551/0	562/0	551/2
May	566/4	558/4	568/0	558/2
Jul	573/4	566/2	575/4	568/2
Aug	576/4	569/6	577/4	569/0
Sep	576/4	571/4	576/0	572/0
Nov	581/2	575/4	583/0	575/0
Jan	590/4	585/4	591/0	585/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	19.13	19.04	19.20	19.03
Jan	19.21	19.06	19.28	19.06
Mar	19.51	19.36	19.58	19.38
May	19.79	19.65	19.86	19.68
Jul	20.03	19.92	20.13	19.97
Aug	20.21	20.07	20.27	20.08
Sep	20.30	20.22	20.35	20.25
Oct	20.35	20.30	20.40	20.35

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	172.0	169.3	172.4	169.4
Jan	170.2	167.5	170.7	167.5
Mar	169.6	166.8	169.9	166.7
May	170.5	168.0	171.0	167.9
Jul	172.4	170.1	172.8	169.7
Aug	173.2	171.2	174.0	170.9
Sep	173.2	171.4	174.0	171.3
Oct	186.0	185.2	186.5	184.8

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	249/4	242/2	249/0	242/0
Mar	252/6	247/6	254/6	247/4
May	258/4	253/6	260/4	253/6
Jul	263/4	258/4	266/0	258/4
Sep	259/0	255/2	260/4	256/2
Dec	256/4	253/0	258/0	252/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	391/6	387/6	396/0	384/4
Mar	382/2	377/6	386/0	375/4
May	359/6	359/0	364/0	356/0
Jul	332/2	329/4	334/0	327/6
Sep	337/0	335/0	336/0	334/0
Dec	348/4	346/4	350/4	345/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	71.82	71.72	72.07	71.72
Feb	72.60	72.57	73.05	72.12
Apr	73.62	73.37	73.90	73.25
Jun	69.72	69.47	69.95	69.35
Aug	68.00	67.92	68.50	67.80
Oct	68.70	68.50	68.80	68.25
Dec	69.65	69.45	69.80	69.25

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	41.82	40.67	42.30	41.40
Feb	41.62	41.30	42.07	41.50
Apr	39.65	39.25	39.87	39.40
Jun	44.95	44.62	45.10	44.80
Jul	45.12	44.80	45.50	45.00
Aug	44.00	43.70	44.15	43.75
Oct	40.55	40.30	40.62	40.40

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	38.20	38.75	40.10	38.00
Mar	38.45	38.90	40.20	39.30
May	40.82	40.15	41.15	40.45
Jul	40.87	40.40	41.30	40.60
Aug	39.65	38.85	40.10	39.35

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling dominates trading

STERLING dominated the foreign exchange markets yesterday after Mr Norman Lamont, the chancellor, ruled out a devaluation when the pound moves to the narrow 2¼ per cent ERM bands.

Sterling jumped to DM2.8850 from DM2.8625 before settling at DM2.8750, up 1½ pfennigs on the day and 3 higher on the week. It also climbed against the French franc, rising to FFr9.8200 from FFr9.7675 on the day.

Mr Lamont's comments were seen as an attempt to build on the revival in confidence towards sterling since the Maastricht summit. "He's following the German's by talking the currency up," said Mr David Cocker at Chemical Bank in London.

Sterling's effective floor within the 6 per cent band is currently DM2.83, but once it moves to the narrower band, the floor rises to DM2.88.

The news sparked speculation that sterling could move to a 2¼ per cent band as early as next week. But most dealers believed the government would wait until next year, since that would give more flexibility if the pound came under pressure in the run-up to the general election.

Most analysts noted that Mr Lamont has ruled out devaluation before, but his commitment to a 2¼ per cent band around the central parity of DM2.95 was new and triggered strong overseas buying.

The announcement prompted institutional investors to move into sterling, particularly from the US, who favoured the UK's higher interest rates. The commitment to DM2.95 makes further cuts in interest rates less likely, while the US is widely expected to lower the discount rate next week.

There was also speculation that Spain will also move to a narrower band. But as the strongest ERM currency it will have to lower its currency. It's lead over sterling – the weakest currency – narrowed to 4.65 per cent from over 5 per cent. However, it will have to fall to 2.25 per cent before it can move to the narrower bands.

The dollar was slightly firmer as concerns about the political unrest in the Soviet Union caused some investors to seek it as a safe haven.

However, speculation that the US will cut the discount rate next week, caused some caution to creep into the market. The Federal Open Market Committee meets next week and is expected to announce the rate cut.

The dollar closed higher at DM1.5825 from DM1.5805, and at SFr1.3985 from SFr1.3965. The yen was firmer after several days of losses as confidence began to return to the Japanese equity market.

The mark finished lower at Y81.35 from Y81.7. Meanwhile, the dollar retreated to Y128.80 from Y129.20.

£ IN NEW YORK

Dec.13	Latest	Previous Close
£ Spot	1.8155-1.8165	1.8065-1.8075
1 month	0.89-0.88pm	0.89-0.87pm
3 months	2.66-2.63pm	2.67-2.64pm
12 months	9.71-9.61pm	9.75-9.65pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.13	Previous
8.30 am	91.0	90.8
9.00 am	91.0	90.9
10.00 am	91.0	90.9
11.00 am	91.0	90.9
Noon	91.1	90.9
1.00 pm	91.7	90.9
2.00 pm	91.7	90.9
3.00 pm	91.6	90.9
4.00 pm	91.5	91.0

CURRENCY MOVEMENTS

Dec 13	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.5	-20.7
U.S Dollar	62.4	-16.7
Canadian Dollar	104.3	+2.1
Austrian Schilling	110.3	+12.3
Belgian Franc	112.1	-1.5
Danish Krone	109.2	+5.4
D-Mark	119.3	+25.8
Swiss Franc	109.9	+18.2
Dutch Guilder	115.0	+16.7
French Franc	103.4	-12.7
Lira	99.0	-19.7
Yen	140.0	+74.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Dec.12

CURRENCY RATES

Dec 13	Bank rate %	Special* Drawing Rights	European† Currency Unit
Sterling	-	0.773874	0.706969
U.S Dollar	4.50	1.40226	1.28350
Canadian $	7.52	1.60124	1.46563
[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8170	1.8082	1.7906	1.7661	1.7220
D-mark	2.8750	2.8662	2.8486	2.8241	2.7800
French Fr.	9.8200	9.7780	9.7000	9.6200	9.3440
Swiss Fr.	2.5400	2.5362	2.5254	2.5135	2.4861
Yen	234.00	233.16	231.44	228.89	223.76

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 13	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.910	-2.78	4.35	48
Belgian Franc	42.4032	42.0251	-0.89	2.36	44
D-Mark	2.05586	2.04051	-0.75	2.21	48
Dutch Guilder	2.31643	2.29914	-0.75	2.21	37
Irish Punt	0.767417	0.765219	-0.29	1.74	13
Italian Lira	1538.24	1540.07	0.12	1.32	-5
French Franc	6.89509	6.97070	1.10	0.34	-60
Danish Krone	7.84195	7.93204	1.15	0.29	-52
Sterling	0.696904	0.706969	1.44	0.00	-29

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment, calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8065 - 1.8210	1.8165 - 1.8175	0.89-0.87cpm	5.81	2.66-2.63pm	5.82
Canada	2.0655 - 2.0800	2.0785 - 2.0795	0.60-0.52cpm	3.23	1.68-1.55pm	3.11
Netherlands	3.2180 - 3.2450	3.2350 - 3.2450	[illegible]	0.69	[illegible]	0.69
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

Dec 13	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10¾ - 10⅝	10¾ - 10⅝	10 13/16 - 10⅝	10 11/16 - 10½	10½ - 10⅜	10 7/16 - 10 5/16
US Dollar	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4 7/16 - 4 5/16	4⅜ - 4¼	4⅝ - 4½
Can. Dollar	7⅞ - 7⅝	7⅞ - 7⅝	7¼ - 7	7⅛ - 6⅞	7⅛ - 6⅞	7⅛ - 6⅞
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9¾ - 9⅝	9⅞ - 9¾
Swiss Franc	7⅞ - 7⅝	7⅞ - 7⅝	8⅛ - 8⅛	8⅝ - 8½	8¼ - 8	8 - 7¾
D-Mark	9 - 8¾	9¼ - 9	9⅝ - 9½	9 13/16 - 9 11/16	9⅝ - 9½	9⅝ - 9½
French Franc	9¾ - 9⅝	9¾ - 9⅝	9⅞ - 9¾	9 15/16 - 9 13/16	9⅞ - 9¾	9⅞ - 9¾
Italian Lira	12 - 10	12 - 11½	12½ - 12	12¼ - 11¾	12¼ - 11¾	12⅛ - 11⅞
Belgian Franc	9⅝ - 9¼	9⅝ - 9¼	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Yen	6⅞ - 6⅝	6⅝ - 6⅜	6 9/16 - 6 7/16	6⅛ - 6	5⅞ - 5¾	5⅝ - 5½
Danish Krone	9⅛ - 8⅞	9¼ - 9	9½ - 9¼	9⅝ - 9⅜	9⅝ - 9⅜	9⅝ - 9⅜
Asian $Sing.	2⅛ - 2	2⅛ - 2	2⅜ - 2¼	2⅜ - 2¼	3⅛ - 2⅞	3⅝ - 3½

Long term Eurodollars: two years 5⅛-5⅜ per cent; three years 5⅞-5¾ per cent; four years 6⅜-6¼ per cent; five years 6⅝-6½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.13	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.817	2.875	234.0	9.820	2.540	3.240	2171	2.079	59.15	1.409
$	0.550	1	1.582	128.8	5.405	1.398	1.783	1195	1.144	32.55	0.775
DM	0.348	0.632	1	81.39	3.416	0.883	1.127	755.1	0.723	20.57	0.490
YEN	4.274	7.765	12.29	1000.	41.97	10.85	13.85	9278	8.885	252.8	6.021
F Fr.	1.018	1.850	2.928	238.3	10.	2.587	3.299	2211	2.117	60.23	1.435
S Fr.	0.394	0.715	1.132	92.13	3.866	1	1.276	854.7	0.819	23.29	0.555
N Fl.	0.309	0.561	0.887	72.22	3.031	0.784	1	670.1	0.642	18.26	0.435
Lira	0.461	0.837	1.324	107.8	4.523	1.170	1.492	1000.	0.958	27.25	0.649
C$	0.481	0.874	1.383	112.6	4.723	1.222	1.558	1044	1	28.45	0.678
B Fr.	1.691	3.072	4.861	395.6	16.60	4.294	5.478	3670	3.515	100.	2.382
Ecu	0.710	1.290	2.040	166.1	6.969	1.803	2.300	1541	1.476	41.98	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF) Stock Index

December	1706.0	1704.0	+18.5	1710.0	1698.0	-	13,819
January	1718.0	1717.0	+18.0	1721.5	1712.0	-	5,513
February	1733.0	1731.0	+18.0	1733.0	1733.0	-	0
March	1744.0	1744.0	+18.5	1744.0	1740.0	-	3,541

Estimated volume 14,794 Total Open Interest 22,873

ECU BOND (MATIF)

December	106.96	107.04	+0.16	107.10	106.92	8.93	3,069
March	107.06	107.34	+0.22	107.38	107.00	8.90	2,105

Estimated volume 5,945 Total Open Interest 5,174

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	1.37	2.18	-	0.50	-	-
107	0.78	1.57	-	0.92	-	-
108	0.41	1.10	-	-	-	-
109	0.21	0.70	-	-	-	-
Open Int	131,430	11,544	50	87,451	12,810	100

Estimated volume 29,999 Total Open Interest 243,355

BANK RETURN

BANKING DEPARTMENT	Wednesday December 11 1991	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	99,845,479	- 4,944,397
Bankers Deposits	1,775,615,777	+ 89,150,027
Reserve and other Accounts	4,305,892,152	+ 786,589,373
	6,196,906,408	+ 870,795,003
ASSETS		
Government Securities	1,397,261,528	+ 111,730,000
Advance and other Accounts	2,348,165,227	+ 284,969,863
Premises Equipment & other Secs	2,438,357,018	+ 468,009,227
Notes	12,937,316	+ 6,112,845
Coin	185,319	- 26,932
	6,196,906,408	+ 870,795,003
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,607,062,684	+ 173,887,155
Notes in Banking Department	12,937,316	+ 6,112,845
	16,620,000,000	+ 180,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	12,395,310,452	+ 142,084,975
Other Securities	4,213,674,448	+ 37,935,025
	16,620,000,000	+ 180,000,000

MONEY MARKETS

London rates steady

LONDON money rates were steady to slightly easier yesterday as sterling rallied against the D-Mark.

The key three month interbank rate closed unchanged at 10⅝ per cent; six months money was off 1/16 at 10½-⅜ per cent; and one year money was also off 1/16 at 10⅜-¼ per cent.

In the futures market, there was more of a reaction to Mr Lamont's comments about no devaluation of sterling at the current ERM parities.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

The March short sterling contract rose to 89.88 from 89.82 on heavy turnover of almost 45,000 contracts, more than twice normal volumes.

The March contract rose to 90.00 at one stage – the level at which the market is factoring in a ½ point cut in base rates. But later in the session it fell back as dealers assessed the implications of Mr Lamont's comments for the interest rate market.

Analysts said that if sterling is to be held firm in the run-up to a move to the narrow 2¼ per cent bands, further cuts in interest rates are less likely.

In the short-term money market, the Bank of England forecast another large liquidity shortage of £1.2bn. Bills for repurchase by the market and repurchases of Treasury bills boosted the shortage. The forecast shortage was later revised to £1.15bn before being revised back to £1.2bn again.

In early operations the Bank purchased £350m of bills for resale to the market. It later bought a further £262m of bank bills.

During the afternoon, the Bank bought £188m of Treasury and bank bills. Finally late assistance of £230m was provided.

In Germany call money rates continued to ease as speculation about a rise in interest rates at next week's council meeting began to diminish.

Rates were also depressed by the high levels of reserves held by commercial banks at the Bundesbank. Call money fell to 8.90-9.00 per cent from 9.05-9.10 per cent.

Liquidity levels are believed to be sufficient to meet tax payments due next week. Reserves at the Bundesbank rose to DM83.9bn from DM80.2bn on Tuesday.

In the US the Federal Reserve refrained from open market operations. Federal funds traded at 4⅜ per cent, the Fed's presumed target.

US dealers continued to speculate that the Fed will cut the discount rate next week at its open market committee meeting on Tuesday.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.13) 3 months US dollars		6 months US Dollars	
bid 4 5/16	offer 4 7/16	bid 4¼	offer 4⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK Treasury Bills and Bonds

Lunchtime			
Prime rate	7½	One month	[illegible]
Broker loan rate	6¼	Two month	[illegible]
Fed.funds	4⅜	Three month	[illegible]
Fed.funds at intervention	-	Six month	[illegible]
		One year	[illegible]
		Two year	[illegible]

Dec.13	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.95-9.05	9.30-9.50	9.30-9.50	[illegible]	[illegible]	[illegible]
Paris	9⅝-9½	9⅝-9⅞	9⅝-9⅞	[illegible]	[illegible]	[illegible]
Zurich	6⅞-6⅝	8⅛-8⅜	-	[illegible]	[illegible]	[illegible]
Amsterdam	9.56-9.68	9.65-9.75	-	[illegible]	[illegible]	[illegible]
Tokyo	6⅞-6⅝	6⅞-6 11/16	-	[illegible]	[illegible]	[illegible]
Milan	11¾-12⅛	12½-13	-	[illegible]	[illegible]	[illegible]
Brussels	9.25-9.38	9⅝-9 11/16	-	[illegible]	[illegible]	[illegible]
Dublin	9⅞-10	10⅛-10⅜	10⅛-10⅜	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Dec 13	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11	10¾	10¾	[illegible]	[illegible]	[illegible]
Interbank Bid	10⅜	10½	10⅝	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	10 9/16	[illegible]	[illegible]	[illegible]
Local Authority Deps.	10⅝	10½	10 11/16	[illegible]	[illegible]	[illegible]
Local Authority Bonds	-	-	-	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	10¾	10⅝	-	[illegible]	[illegible]	[illegible]
Company Deposits	-	-	10 11/16	[illegible]	[illegible]	[illegible]
Finance House Deposits	-	-	10 11/16	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	10 7/16	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	-	-	10 9/16	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	-	-	-	[illegible]	[illegible]	[illegible]
Dollar CDs	-	-	4.85	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	-	-	7⅜	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	-	-	6 13/16	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	-	-	10⅜	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	-	-	10¼	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 10⅜ per cent; three months [illegible] per cent. Bank Bills (sell); one-month 10⅜ per cent; three months [illegible] per cent. Treasury Bills; Average tender rate of discount 9.9803 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 29, 1991. Agreed rates for period Dec.25, 1991 to January 25, 1992, Scheme I: 11.74 p.c., Schemes II & III: 11.75 p.c. Reference rate for period November 1, 1991 to November 29, 1991, Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from December 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months [illegible] per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months [illegible] per cent; Under £100,000 [illegible] per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate' Int Crt: Frequency at which interest is credited to the account.

SCOTLAND INTERNATIONAL FINANCE B.V.
US$50,000,000

14¼% Guaranteed Fixed/Floating Rate Notes 1996.

For the six months from 16th December 1991 to 15th June 1992 inclusive the Notes will carry an interest rate of 4¾% per annum.

The relevant interest payment date will be 16th June 1992.

Coupon 9 will be for US$24-15.

Agent Bank
Barclays Bank PLC
Barclays Global Securities Services
Stock Exchange Services Department
168 Fenchurch Street
London EC3P 3HP

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the *FT Share* Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they *are not in order of execution but in ascending order* which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the *four previous* days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ◆ *Bargains done the previous day.*

British Funds, etc

No. of bargains included 1774

Exchequer 10½% Stk 2005 – £107⅞
Guaranteed Export Finance Corp PLC 11⅞% Gtd Nts 1994 (Br– £102⅝
12¾% Gtd Ln Stk 2002(Reg) – £116 (6De91)

Corporation and County Stocks

No. of bargains included nil

UK Public Boards

Commonwealth-Government

Foreign Stocks, Bonds, etc-(coupons payable in London)

Gtd Bds 2001 – £100⅝ (11De91)
THORN EMI Capital NV5¾% Gtd Red Cnv Prf 2004 (Br£5000) – £117½
THORN EMI PLC7¾% Bds 1992 with warrants – £206½ 9 (10De91)
Tokyo Electric Power Co Inc 11% Nts 2001 (Br £1000,10000 & 100000) – £103⅝ (6De91)
United Kingdom 9⅛% Bds 2001(Br ECU1000,10000&100000) – EC102.78
United Newspapers Capital Ld 8% Gtd Exch Prf Shs – £113½◆
Woolwich Building Society 10⅞% Nts 1993

Sterling Issues by Overseas Borrowers

No. of bargains included 22

Banks and Discount Companies

No. of bargains included 1556

Breweries and Distilleries

Building Societies

No. of bargains included 21

Registered Housing Associations

No. of bargains included nil

Commercial, Industrial, etc

No. of bargains included 16516

Electricity

No. of bargains included 1575

Financial Trusts, Land, etc

Insurance

No. of bargains included 657

Investment Trusts

No. of bargains included 1014

Unit Trusts

No. of bargains included 10

Mines – Miscellaneous

Mines – South African

Oil

No. of bargains included 1666

Property

No. of bargains included 305

Plantations

No. of bargains included 5

Railways

No. of bargains included 1

Shipping

No. of bargains included 246

Utilities

No. of bargains included 4

Water

No. of bargains included 480

Miscellaneous Warrants

No. of bargains included 9

25/9/92 – $0.225 0.235
C Puts/Wts/Rights FT-SE 100 Index *25/9/92 – $0.12*◆
Put Wts (Srs D) Rltg FTSE 100 29/9/92 – £1.34 1.39 (11De91)
Put Wts (Srs E) Rltg FTSE 100 29/9/92 – £1.08 (11De91)
Put Wts (Srs F) Rltg FTSE 100 29/9/92 – $0.7 (10De91)
Put Wts (Srs G) Rltg FTSE 100 29/9/92 – £0.48 0½ (9De91)

USM Appendix

No. of bargains included 374

Rule 535(2)

No. of bargains included 30

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Harland (John H) Co 12.378◆
Leighton Hldgs A$1.2758 (9/12)
Niugini Mining A$2.5 (9/12)
North Flinders Mines A$3.02
Oil Search A$0.722 (11/12)
Palabora Mining R78 (11/12)
Petroleum Securities Aust 5½ (6/12)
Portman Mining 44 (11/12)
Regal Hotels (hldgs) HK$0.72,0.78 (10/12)
Singapore Land S$5.05◆

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FINANCIAL TIMES

Published in

LONDON ● PARIS ● FRANKFURT ● NEW YORK ● TOKYO

Head Office: The Financial Times Ltd, Number One, Southwark Bridge, London SE1 9HL. Telex: (Editorial) 922186. Telex, (Advertising) 885033. Telephone: 071-873 3000. *Fax: (Advertising) 071-873 3063.*

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Amsterdam: *Editorial*, PO Box 1296, 1000 BG Amsterdam. Tel 6276796 Fax 6235591 *Advertising and Circulation* Herengracht 472, *1017 CA Amsterdam. Telex: 16527 Fax 236691* Editorial Tel: (020)6276796 Advertising & Circulation Tel: (020) 6239430/6226666

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Birmingham: *Editorial and Advertising*

Johannesburg: *Editorial* 4th Floor, Royal St Mary's, 85 Eloff Street, Johannesburg 2001. Telex: 4-86053. Tel: 011 333-4423 and 011 29-3151. Fax 337 5811

Leeds: Advertising Permanent House, The Headrow, Leeds LS1 8DF. Tel: 0532-454969. Fax 0532 423616.

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Madrid: *Editorial* Calle Racoletos 1-6 floor, Madrid 28001. Tel 337 0629 or 337 0537.

LONDON STOCK EXCHANGE

Equities end busy week on high note

By Stephen Thompson

THE UK equity market ended an action-packed week with share prices pushing sharply higher across a broad front as big gains on the world's most influential markets, Wall Street and Tokyo, infected the London market.

The Footsie 100-share index sped up to close a net 28.1 higher at 2,451.4, for a two-day rise of 71.4. Over the week the index has risen 62.9.

A strong performance by sterling after comments on the entry of sterling into the narrow band of the European Community's Exchange Rate Mechanism by Mr Norman Lamont, the Chancellor of the Exchequer, helped long-dated gilts improve by almost a point.

Even news of the first monthly rise in UK inflation for 15 months was shrugged aside by a market seemingly keener to focus on the good news than the bad.

Account Dealing Dates		
*First Dealings:		
Nov 25	Dec 9	Dec 30
Option Declarations:		
Dec 5	Dec 23	Jan 9
Last Dealings:		
Dec 6	Dec 27	Jan 10
Account Day:		
Dec 16	Jan 6	Jan 20

*New-time dealings may take place from 8.30 am two business days earlier.

Adding to the growing bullishness of the equity market was the aftermath of the Maastricht meeting, widely viewed in London as a triumph for Mr John Major, the UK Prime Minister, and seen as strongly enhancing the chances of the ruling Conservative Government being re-elected.

There was a welcome increase in the level of turnover in equities as Thursday evening's hints of stakebuilding in Racal Electronics was confirmed when SG Warburg Securities moved to snap up a near 90m-share stake in the electronics group on behalf of bidder Williams Holdings. Turnover of more than 200m shares in Racal accounted for just short of a quarter of the market's total of 770.4m shares.

The overnight gains on Wall Street and Tokyo, with the latter posting its eighth biggest rise in a single session, ensured a strong opening in London. Marketmakers, already suffering from Thursday's belated market reaction to the Maastricht accord, hoisted their quotations in the face of a flurry of sizeable institutional buying interest.

Intermittent bouts of profit-taking were easily mopped up by eager buyers and marketmakers anxious to replenish depleted books, and the market moved into the afternoon in confident form. The 20-points-plus opening on Wall Street gave no cause for concern and London, up 36 Footsie points at best just prior to the start of trading in the US, ended the day on a healthy note.

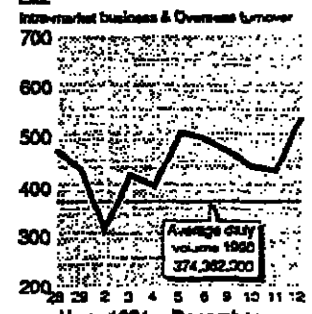
The head of marketmaking at a London securities houses took the view that the Footsie could easily push through the 2,500 level short term.

BT "new", which made a rather inauspicious market debut this week, perked up to close at 127p, having slipped to a low point of 122¼p on Wednesday.

● Retail, or customer business in equities improved strongly following the apparent successs of the Maastricht meeting

London SE volume

Turnover by volume (million)
Excl: intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	87.38	87.05	86.97	86.81	86.85	83.37	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.39	97.12	97.00	96.78	96.67	81.14	97.39 (13/12)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1863.9	1848.6	1809.4	1819.7	1830.0	1701.2	2105.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	152.1	160.3	164.3	169.7	166.9	138.8	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2451.6	2423.3	2380.2	2392.0	2409.6	2168.4	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1106.13	1091.45	1082.86	1086.32	1086.51	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.96	5.00	5.08	5.06	5.03	5.65				
●Earning Yld %(full)	7.43	7.49	7.61	7.58	7.53	11.79				
●P/E Ratio(Net)(☆)	16.93	16.78	16.52	16.58	16.70	10.25				
SEAQ Bargns 4.45pm	27,924	22,819	20,881	22,235	25,952	32,604				
Equity Turnover(£m)†	-	1113.54	859.46	867.74	814.72	857.44				
Equity Bargains†	-	22,235	20,823	21,808	25,789	35,830				
Shares Traded (ml)†	-	533.1	438.9	444.5	472.7	444.2				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.97

Ordinary Share Index, Hourly changes Day's High 1874.6 Day's Low 1858.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1871.0	1869.8	1872.6	1861.0	1863.5	1868.1	1868.2	1863.8	1864.8

FT-SE 100, Hourly changes Day's High 2459.3 Day's Low 2443.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2448.7	2449.8	2454.9	2447.8	2448.8	2457.0	2458.0	2452.0	2451.3

FT-SE Eurotrack 200, Hourly changes Day's High 1110.26 Day's Low 1101.37

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1104.45	1105.76	1103.20	1103.36	1109.07	1110.18	1105.82

GILT EDGED ACTIVITY

Indices*	Dec 12	Dec 11
Gilt Edged Bargains	80.8	94.2
5-Day average	81.5	81.6

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Williams buys more Racal

TURNOVER in Racal Electronics suddenly leapt after securities house S.G. Warburg swept through the market to pick up stock for Racal's predator Williams Holdings.

Warburg had started to acquire stock overnight through the inter-dealer broker network. It then moved, in early trading, to offer a number of institutions 57p a share for Racal stock and bought 99.5m shares in the process. The purchase took Williams' stake to about 10 per cent by the end of the spree, a level that can be purchased in the market by the predator under takeover rules. Turnover included 2.48m shares bought by the company's executives, picked up at between 50 and 53p.

Racal shares firmed 4 to 55p but later retreated to close unchanged at 51p.

There were fears that if Racal escaped from Williams' clutches the Racal share price would become depressed. However, other strategists took yesterday's purchase to be a shrewd move on the part of the predator.

Mr Keith Sykes at Credit Lyonnais, said: "My money is on Racal remaining independent."

Mr Tim Hurst at Lehman Brothers dismissed the Williams move as "not significant" and added: "they will need a big swing in sentiment to succeed in this bid and I don't think they will get it". Williams closed 1¼ at 311p on volume of 1.9m.

SmithKline up again

Pharmaceutical group SmithKline Beecham rose sharply in early trading ahead of a meeting yesterday afternoon with the US Food and Drug Administration (FDA) on SmithKline's Relifex anti-arthritic drug. The shares gained 18 at 858p on turnover of 2.4m.

It is hoped that the meeting between the FDA and SmithKline will lead to approval of the drug within a few months.

Mr James Culverwell of securities house Hoare Govett said: "We have been waiting for more than five years for this day. It could be a useful drug within a $4bn market. We estimate that it could be worth between $200m and $300m a year in the US in a few years."

Approval would make the drug – to be called Relifen in the US – the first for SmithKline in the US since the merger between Beecham and SmithKline Beckman in 1989.

Guardian losses

Insurance group Guardian Royal Exchange suffered in early trading after securities house Smith New Court increased its forecast of the company's 1991 losses to £250m from £170m.

The broker issued a "heavy sell" note and argued that Guardian would cut its total dividend to 6p after previously forecasting a maintained 11.9p per share.

Smiths believes Guardian will have to increase its provisions for employer liability insurance by £25m this year and a further £20m next year. It also factored in a further £45m for mortgage indemnity losses.

However, Guardian later contacted a number of insurance analysts and assured them that the liability hit would be "nothing like" the £45m predicted and the group was not as seriously exposed to mortgage indemnity as its competitors. Guardian recovered from a fall of 6 to close only a penny off at 125p on turnover of 4.9m.

Food retailer Tesco bucked the trend of the market and sector to lose 7 to 225p. The shares were affected by forecast downgrades and rumours of downgrades. Charterhouse Tilney shaved £5m from its 1991-2 profits forecast to £535m, with a further £20m from the year after at £630m. Turnover in the shares was a good 6.8m

There was also a strong rumour that James Capel had cut its estimate. Analyst Mr Frank Davidson denied the talk but said he remained bearish on the stock and was likely to reconsider his forecasts after talking to the group early next week.

A strong Wall Street helped internationally traded stocks to stand out in firm market yesterday. Tightly traded Wellcome was 17½ better at 951p. ICI saw active buying in London and closed 23 better at 1164p. Hanson, which published its annual report yesterday, lifted 3½ to 194p.

A debate in the US on bronchodilators for treating asthma, sparked a spate of rumours over Glaxo, which markets two asthma treatments, Ventalin and Serevent. The shares had risen 15p on enthusiasm emanating from the group's research and development meetings in the US. However the gains were reversed in the afternoon and the stock slid back to close a net 9 off at 803p on turnover of 3.2m.

A sharp cut in profit estimates ensured that BTR lost earlier strength. Agency broker James Capel reduced its forecast for full-year profits by £55m to £820m. The broker cites continuing problems within the construction industry and a weakening US economy for its new stance. The shares saw an early gain of 8 eliminated and eventually they closed a net 7 lower at 384p; turnover reached 7.2m shares.

The oil majors were among the market's best performers, responding to a good rally in crude oil prices and a recent bullish note issued by Kleinwort Benson which highlighted the yield and the view that the stock had been oversold. BP moved up 9¼ to 297½p on keen turnover of 6.2m.

Shell also gave a good performance, closing 8 higher at 483p on 2.4m shares. British Gas, however, paused for breath after the bout of outperformance which has seen the stock outpace the market by 8.5 per cent over the past four months. Gas shares have been strongly supported this week after buy recommendations issued by, among others, Strauss Turnbull and BZW.

The Lasmo/Ultramar takeover battle moved into its final stages with a number of influential broking houses, among them Hoare Govett, Shearson Lehman, Kleinwort Benson, UBS Phillips & Drew and Daiwa, recommending their clients to accept the Lasmo bid.

Other specialists pointed to good gains in other exploration and production stocks, which they said was an indication that there would not be a flood of Lasmo paper into the market and that therefore the odds were on the bid failing. Clyde moved up 3¼ to 79p, Enterprise 12 to 469p. Lasmo edged up 5 to 253p and Ultramar eased a penny to 256p.

Buy recommendations for leisure stocks have begun to drift into the market over the past week and lifted the sector again yesterday. Granada Group rose 7¼ to 180p on the back of sentiment and Thursday's upgrade from Nomura.

Hotel group Stakis rose 4¼ to 34¼p as the stock firmed after a recent large placing. The group also described as "utterly unfounded and misleading" rumours of a large tax bill.

Paper and packaging group David S. Smith fell 15 to 299p after announcing the placing of approximately 35.3m new ordinary shares to raise £95.1m.

Enthusiasm over the outcome of the Maastricht summit and a feeling that the Conservative party chances of winning the general election have improved, encouraged buyers of high-yield defensive stocks. A stock overhang coupled with a profits downgrading left British Aerospace 3 lighter at 339p. Nikko cut its current year forecast by £52m to £200m citing lower expectations from the Rover car division.

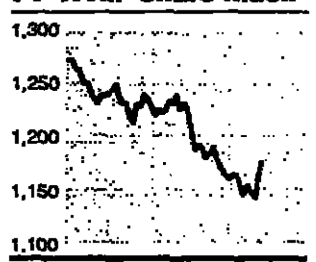
Predictions of a recovery in the UK car market next year boosted components manufacturer GKN. The shares rose 12 to 303p.

A buy recommendation from Smith New Court lifted GEC 6¼ to 194¼p.

MARKET REPORTERS:
Peter John, Joel Kibazo, Christopher Price, Steve Thomoson.

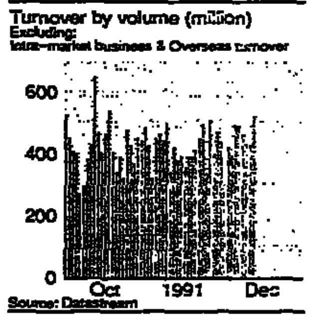
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



Source: Datastream

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ASDA Group	11,000	32	-2	Courtaulds	1,100	469	+2	MB Caradon	1,800	258	+4	Siebe	102	567	+2
Abbey National	3,600	289	-5	Dalgety	298	353	+1	MEPC	142	411	-5	Slough Ests	127	221	-2
Albert Fisher	7,100	70	+1	De La Rue	470	465	+10	Manweb	981	332	+15	Smith (W.H.) A	731	481	+4
Allied-Lyons	1,000	600	+9	Dixons	1,700	229	-5	Marks & Spencer	1,500	292	+7	Smith & Nephew	544	132¼	+2½
Amstrad	2,100	24	+1½	ECC Group	1,200	487	+17	Midland Bank	1,900	270	+11	SmKl Beecham	2,400	853	+18
Anglian Water	1,400	359	+6	Eastern Elec.	1,900	250	+7	Midlands Elec.	810	283	+14	SmKl Beecham Uts.	296	3230	+40
Argos	457	275	-1	East Midland Elec.	629	264	+8	NFC	1,000	222	+3	Smiths Inds.	150	283	-1
Argyll Group	2,800	290	+7	Enterprise Oil	2,400	469	+12	NatWest Bank	3,000	280	+11	Southern Elec.	448	273	+5
Arjo Wiggins	340	259	+1	Eurotunnel Units	649	390	+14	National Power	6,400	152	+2	South Wales Elec.	322	312	-10
Ass Brit Foods	80	464	+2	FKI	1,800	52	-1	Next	5,100	59	+1	South West Water	258	324	-6
BAA	1,400	520	+6	Ferranti	3,600	8	+¼	North West Water	1,900	351	+8	South West. Elec.	375	264	-4
BAT Inds	1,600	620	+16	Fisons	6,400	346	+11	Northern Elec.	271	282	+7	Southern Water	505	322	-5
BET	2,600	206	-4	Forte	1,200	228	+4	Northern Foods	388	570	-1	Standard Charta	699	425	+10
BOC	2,300	327	+3	Gen. Accident	155	439		Norweb	600	390	+5	Storehouse	1,500	98	+1
BOC	962	589	+4	General Elect.	8,100	194¼	+6½	Pearson	207	708	+8	Sun Alliance	1,300	298	-7
BPB Inds.	1,700	149	-3	Glaxo	3,200	803	-9	P & O	1,400	436	+6	T&N	2,300	107	-3
[illegible]				[illegible]				[illegible]				[illegible]			
Cadbury Schweppes	4,300	430		Reuters	1,400	807	+3	Unilever	1,400	858	-3				
Calor Group	366	229	+4	Rolls Royce	7,200	125	+2	United Biscuits	502	332	+4				
Carlton Comms	584	477	+8	Rothmans	368	1024	-7	Utd. Newspapers	378	347	+3				
Coats Viyella	1,500	189	-3	Ryl Bk Scotland	3,200	159	+2	Vodafone	1,600	364½	-2½				
Comm. Union	231	455		Royal Insurance	1,600	248	-5	Warburg (SG)	58	519	+1				
				Saatchi	3,600	9½		Wellcome	2,100	951	+17½				
				Sainsbury	2,400	364	+6	Welsh Water	547	363	+10				
				Scottish & New	1,100	414	+9	Wessex Water	250	329					
				Scot. Hydro-Elect.	1,200	107	+4	Whitbread 'A'	2,400	422	+8				
				Scottish Power	5,800	105	+2	Williams Hldgs.	1,900	311	+1¼				
				Sears	7,700	90	+2½	Willis Corroon	459	254	+1				
				Sedgwick	874	207	-1	Wimpey	392	132	-2				
				Seeboard	122	275	+4	Yorkshire Elect.	1,000	327	+18				
				Severn Trent Water	1,800	325	+8	Yorkshire Water	1,100	374	+12				

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE STRONG advance in Footsie futures seen during Thursday's session continued yesterday, boosted by comments from the UK chancellor ruling out a devaluation of sterling, writes Joel Kibazo.

Trading in December was firm from the outset as optimism about the UK economic and political outlook continued, sending the contract to a high premium of 20 to cash.

Dealers repeated profit-taking at the mid-session before the comments on sterling, a strong performance on the gilts market and a strong Wall Street sent the contract racing forward again. December eventually closed at 3475 up 36 on the previous session and some 21 points above its estimated fair value.

Dealers however speculated that the strong performance of the past two days was unlikely to be maintained.

In the traded options market turnover reached 25,757 down on the 28,176 seen during Thursday's trading.

GEC after a Smith New Court yesterday was the busiest stock option. It traded 1,683. This was followed by Scottish Power with a day's total of 1175 lots. Cable and Wireless was the third busiest option trading 1157 lots. Scottish & Newcastle, British Gas and P & O were also busy.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (94).
BRITISH FUNDS (6) Conv. 9pc 2011 B, Fd. 6pc 1993, Tr. 2pc IL 1992, Tr. 3pc 1992, Tr. 8pc 1992, Tr. 8¾pc '95-98, OTHER FIXED INTEREST (3) B'ham 11½pc 2012, Met. Wtr. 3pc B, Utd. Mexican States 16½pc 2008, BREWERS & DISTILLERS (2) Bulmer (HP), Greenalls, BUSINESS SERVICES (1) Warner Howard, CONTRACTING & CONSTRUCTION (1) Boot (H), ELECTRICALS (1) Chemring, ELECTRONICS (1) Sage, ENGINEERING GENERAL (3) Richardson Westgarth, Thornton (GW), Victaulic, FOOD MANUFACTURING (3) Northern Foods, Unilever, Do. NV, HEALTH & HOUSEHOLD (4) Amersham Intl., SmKl. Beecham A, Do. Equity Units, Wellcome, HOTELS & LEISURE (1) Granada 7.5p Prf., INVESTMENT TRUSTS (2) Dartmoor, Murray Ent., METAL & METAL FORMING (1) Wood (SW), OIL & GAS (1) Ramco, PACKAGING, PAPER & PRINTING (1) De La Rue, TELEPHONE NETWORKS (1) Telefonica, TRANSPORT (2) BAA, Brit. Airways 9¾pc Cnv.
NEW LOWS (53).
AMERICANS (2) Tenneco, Varity. CANADIANS (6) Can. Pacific, ECO, Gulf Canada, Imperial Oil, Nova Corp of Alberta, TVX Gold, CONGLOMERATES (1) Ensor, CONTRACTING & CONSTRUCTION (1) Birse, ELECTRICALS (1) Ericsson (LM), ELECTRONICS (1) Sema, ENGINEERING AEROSPACE (1) Dowty, ENGINEERING GENERAL (3) Ferrum, Ransomes, Willaire, FOOD MANUFACTURING (1) Union Park, HEALTH & HOUSEHOLD (1) Western Capital, INSURANCE COMPOSITE (2) GRE, Topdanmark, MEDIA (2) Lopex, TV-am, METAL & METAL FORMING (2) Garton Eng., Tinsley (Eliza), MISCELLANEOUS (3) Novalal, RPS, OIL & GAS (3) Brabant Res., Presidio Oil A, Sceptre Res., OTHER FINANCIAL (9) First Natl. Fin., Gerrard & Natl., JF Asia Select, JF Indonesia, Japan OTC, Japanese Wrrnt. Fd., Do. Wrrnts., Robeco, Union Discount, PROPERTY (8) Anglo St James, Bredero, Chesterfield, Dwyer, Hammerson A, Merivale Moore, Rosehaugh, Scot. Metropolitan, STORES (1) Mallett, TEXTILES (1) Alexandra Workwear, MINES (4) Northgate Expln., Plateau Mng., Sons Gwalia, Stilfontein.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	77	0	4	264	61	83
Other Fixed Interest	13	0	6	38	15	42
Commercial, Industrial	405	163	925	1,454	1,200	4,819
Financial & Property	243	76	459	665	631	2,582
Oil & Gas	19	17	56	75	104	281
Plantations	0	0	10	0	1	49
Mines	12	65	75	107	226	427
Others	66	39	41	177	221	327
Totals	835	360	1,576	2,780	2,459	8,610

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday December 12 1991

Health & Household	+	61.08	Media	+	12.53
Textiles	+	44.27	Insurance (Life)	+	9.35
Business Services	+	40.01	Electronics	+	8.60
Packaging, Paper & Printing	+	37.54	Banks	+	7.57
Chemicals	+	30.45	Food Retailing	+	4.08
Merchant Banks	+	27.22	Gold Mines Index	+	3.69
Consumer Group	+	25.90	Capital Goods	+	3.42
Electricals	+	25.65	Water	+	2.36
Stores	+	24.57	Conglomerates	+	0.25
Engineering-General	+	24.33	Financial Group	-	1.00
Telephone Networks	+	21.35	Hotels & Leisure	-	1.26
Other Industrial Materials	+	20.72	Insurance Brokers	-	3.88
Electricity	+	20.62	Motors	-	3.98
Brewers & Distillers	+	19.27	Oil & Gas	-	5.66
Industrial Group	+	18.53	Building Materials	-	9.30
Food Manufacturing	+	17.40	Property	-	14.60
Other Groups	+	17.18	Engineering-Aerospace	-	16.37
Transport	+	16.84	Insurance (Composite)	-	16.64
500 Share Index	+	15.01	Contracting, Construction	-	19.29
Investment Trusts	+	13.86	Metals & Metal Forming	-	24.70
All-Share Index	+	12.77			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	114.4926	-0.009	9.69	9.51	9.69
BELGIUM		9.000	08/01	99.4500	-	9.07	9.10	9.04
CANADA *		8.500	04/02	100.2000	+0.400	8.47	8.50	8.56
DENMARK		9.000	11/00	100.7750	+0.100	8.86	8.99	8.67
FRANCE	BTAN	8.500	11/96	97.7072	-	9.09	9.16	8.89
	OAT	9.500	01/01	104.4200	+0.110	8.76	8.92	8.75
GERMANY		8.25	09/01	100.0100	-0.090	8.24	8.25	8.23
ITALY		12.000	06/01	97.0600	-0.060	12.54	12.62	12.46
JAPAN	No 119	4.800	06/99	94.0265	-0.044	5.95	5.95	6.20
	No 129	6.400	03/00	104.3728	-	5.63	5.61	5.88
NETHERLANDS		8.500	03/01	98.6100	+0.060	8.72	8.77	8.71
SPAIN		11.900	07/98	100.5500	-0.350	11.67	11.91	11.70
UK GILTS		10.000	11/96	101-12	+10/32	9.64	9.81	9.84
		10.000	02/01	102-19	+7/32	9.57	9.73	9.64
		9.000	10/08	97-01	+11/32	9.35	9.51	9.48
US TREASURY *		7.500	11/01	102-04	-2/32	7.20	7.19	7.41
		8.000	11/21	102-29	+5/32	7.75	7.77	7.80

London closing. *denotes New York morning session. Yields: Local market standard
Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Gold market goes into reverse

THE RECENT cautiously bullish mood in the gold market evaporated this week after the precious metal's pice had reached the highest level for six months. That happened on Monday, when an advance influenced as much by the reluctance of sellers as by the enthusiasm of buyers took the London bullion market price up $2.55 to $370.70 a troy ounce.

The price did not hold for long above the psychologically significant $370 level, however; weakness in the silver market on Tuesday triggered a bout of profit-taking that trimmed it by $2.30. But dealers were not too downhearted and some suggested that, in the prevailing bullish atmosphere, the price was unlikely to fall below $368 an ounce. They were soon eating their words. Falls of $2.35 on Wednesday $6.90 on Thursday and 25 cents yesterday left the price $9.25 down on the week at $358.90 an ounce.

Tuesday's silver price fall came after early Middle Eastern buying ran into what one trader described as "a wall of [investment] fund selling". And with recession fears sapping confidence in near term prospects for the silver market a further sharp fall was seen on Wednesday that took the price below the $4-an-ounce mark. That seemed to be the signal for Arab syndicates to unload more metal and by yesterday's close the price was quoted at 388 cents an ounce, down 20 cents on the week.

Recession worries weighed too on the platinum price, which also suffered in sympathy with gold, and at yesterday's afternoon fixing it was down $14.25 on the week at $356.25 an ounce.

At the London Futures and Options Exchange the coffee market was in a gloomy mood from the outset. Disappointment at the lack of progress towards reviving price support mechanisms at last week's International Coffee Organisation talks in London was evident as the March delivery robustas price slipped by £47 to £541 at Thursday's close. But then operators seemed to decide that the sell-off had gone too far and, although there was no bullish news, the price regained most of the lost ground yesterday to close the week just £3 down on balance at £585 a tonne.

Cocoa futures also gained ground yesterday, as rumours circulated about heavy buying by a leading manufacturer. The March delivery price closed at £783 tonne up £3 on the day and £9 on the week.

At the London Metal Exchange the main bright spot was the aluminium market. Although bullish news was conspicuous by its absence and LME stocks continued to grow apace the three months deliver price climbed by $35.50 to $1,143 at one point on Thursday. But the rise, which was was explained by some traders as a belated reaction to the International Primary Aluminium Institute's announcement of an unexpected 24,000-tonne fall in producer stocks in October, then ran out of steam and sellers gained the upper hand.

Selling was given further

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+19,350	to 910,200
Copper	-850	to 314,450
Lead	+1,450	to 121,550
Nickel	-270	to 9,924
Zinc	+2,475	to 165,175
Tin	+165	to 13,270

encouragement yesterday by the LME's announcement that stocks of aluminium in its registered warehouse, already at a record level, had risen by an unexpectedly large 19,350 tonnes (following the 13,450-tonne rise announced on Tuesday) taking the total to 910,200 tonnes. By the close the three months position was $1,121.50 a tonne, down $3 on the day but still $14 up on the week.

Tin prices were also up on the week, chiefly in response talk that Brazil's Ebesa mining consortium had lost the mining rights to Bom Futuro, in Rondonia state, one of the biggest tin mines in the world. It later emerged, however, that a federal judge had only temporarily blocked development of the mine, to avoid social problems among the small-scale miners operating in the area. Nevertheless the cash tin price at the LME ended the week $20 up at $5,505 a tonne, having reached $5,525 at one stage.

Although technical tightness in the nickel market continued to ease, reports of Chinese buying interest helped the prices to continue their recovery from last week's 22-month lows. But the rise had run its course by mid week and at yesterday's close the cash position, which had earlier reached $7,145 a tonne, was back to $7,105 a tonne, up only $5 on balance.

Copper prices fell to six-month lows as traders became convinced that the recent supply squeeze was over. The cash price fell £33.50 on the week to £1,194 a tonne and its discount against the three months price grew from £7 to £21.50.

Richard Mooney

APPOINTMENTS

Pilot plan for Walker

Jack Walker, the secretive Blackburn steel magnate who sold his business to British Steel for £330m a couple of years ago, has hired Trefor Jones, an ex-pilot, to run his new business venture – WALKER AVIATION.

The 45-year-old Jones founded Birmingham Executive Airways in 1982 and over the next six years developed eight international scheduled air services from Birmingham. He is a past president of the European Regional Airlines Association.

Jones' appointment as group managing director of Walker Aviation is the latest sign of Jack Walker's plans to build his airline into Britain's biggest independent regional carrier. Unlike other small independents which have been hurt by the recession and high interest rates, Walker's airline has been growing rapidly.

Having started with just one small five-seater plane ten years ago, it now has an 11-strong aircraft fleet. In the year to end October, the number of passengers carried rose by 31 per cent to 592,886 and revenues increased by 54 per cent to £27.9m.

Its strategy is to exploit a gap in the market for an independent airline flying between regional cities, by-passing the main hub airports.

Walker Aviation is the parent of Jersey European Airways, JEA (Engineering) UK, Guide Leasing, and Jersey Aircraft Maintenance. As a private company, it does not have to disclose whether it is profitable but with Walker's substantial fortune behind it, it is in a more enviable financial position than many of its competitors.

Sepel takes to Irish life

IRISH LIFE, Ireland's largest life insurance company which was privatised earlier this year, has appointed the highly experienced Ralph Sepel to spearhead its drive to boost market share in the UK.

Now 61, Sepel is one of a number of South African life assurance executives who helped transform the UK industry in the late 1960s and early 1970s.

Together with Sir Mark Weinberg and others, Sepel championed the sale of unit-linked policies by direct sales forces, introducing considerable dynamism into what was a particularly sleepy industry.

He was chief operating officer of Abbey Life until 1975, when he became chief executive of Albany Life, now regarded as one of the most successful medium-sized life assurance companies in the UK.

At Irish Life, Sepel will be seeking to consolidate the network of appointed representatives built up by Mike Girling, his predecessor, since the company opted to break with independent brokers in 1988. He may also examine further modifications of this distribution strategy in a bid to boost sales of life assurance beyond the £38m in new business premiums earned in 1990.

Girling, meanwhile, is taking over management of Irish Life's international operations.

His attention will immediately be absorbed by the launch of Irish Life's new subsidiary in France early next year. The company also has operations in the United States and Norway.

Bodies politic

■ Vivian Thomas, a marine engineer by profession and chief executive of BP Oil (UK), is the new chairman of the BRITISH STANDARDS INSTITUTION. He has been chairman of the BSI Testing Board for just over a year.

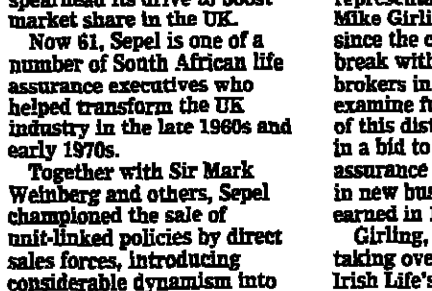
■ Dublin-born Sir David Orr has been elected chancellor of the Queen's University of Belfast. He succeeds the late Sir Rowland Wright. Sir David spent much of his career with Unilever and on retirement in 1982 became chairman of Inchcape for four years; he is now acting chairman following Sir George Turnbull's early retirement.

■ The TSB Foundation for England and Wales has appointed Joanna Foster deputy chairman; she succeeds Lord Chapple of Hoxton. Foster is chair of the Equal Opportunities Commission. John Foster, former senior partner of Wedd Durlacher Mordant, is appointed a trustee.

■ Ian Hay Davison is adding to his public appointments by being elected president of the NATIONAL COUNCIL FOR ONE PARENT FAMILIES.

■ Patrick Whale (below left), a senior partner of KPMG Management Consulting, has been appointed president of the COMPUTING SERVICES ASSOCIATION.

■ David Holliday (below right), chief executive of Admiral Homes, is the president of the House Builders Federation for 1992.



■ David O'Shaughnessy, a director of CMB Packaging, has been elected chairman of the council of PIRA INTERNATIONAL, the independent centre for research, consultancy, taining and information services for the paper, printing and packaging industries.

■ Richard Tinson, chairman for the past three years of Emstar, has been appointed director of the NATIONAL ENERGY FOUNDATION.

■ Sir Brian Hayes, a director of Unilever and former permanent secretary at the DTI, has been appointed chairman of the CBI's Education Foundation in succession to Sir James Cleminson.

Clive Thompson, chief executive of Rentokil, has been appointed chairman of the CBI's south eastern regional council; Joe Lambert is vice-chairman.

■ David Gravells is re-elected chairman of the association of MBAs; his deputy is Iebe Ypma.

■ David Clayman, md of Esso UK, is elected president of the UK PETROLEUM INDUSTRY ASSOCIATION.

■ THE NATIONAL TRUST has announced the following: Martin Drury, historic buildings secretary, takes on the additional role of deputy director general on the retirement of Ivor Blomfield; Ian Kennaway, former regional director for North Wales, becomes director of regions; Laurence Harwood, regional director of the North West becomes adviser on countryside strategy; Oliver Maurice, regional director of Northumbria, takes Harwood's place, and Tiffany Hunt takes on Northumbria.

■ Geoffrey Bayly, deputy md of Hays' Distribution Service, is the new president of The COLD STORAGE AND DISTRIBUTION FEDERATION.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	116.5	116.5	123.6	+0.6	9.30
High Inc Equity	6	123.3	126.5xd	134.5	+3.0	6.52
Worldwide Bond	6	211.9	211.9xd	224.9	+0.3	6.67
Capital Growth						
American Growth	6	192.8	192.8	205.9	+2.3	1.08
Asian Pacific	6	116.7	116.7	124.8	+1.4	1.26
Assets & Earnings	6	173.5	173.5xd	185.5	+3.2	3.23
Capital Reserve Acc	0	111.2	111.2	111.3	+0.2	6.82
Capital Reserve Inc	0	87.96	87.96	88.03	+0.18	6.82
Comdty & Energy	6	68.86	68.86	73.64	+0.58	1.85
1992 Enterprise	6	62.47	62.47	66.81	+0.89	3.08
Euro Capital Acc	6	81.85	81.85	87.54	+0.49	1.19
Euro Capital Inc	6	78.20	78.20	83.63	+0.46	1.20
General	6	163.8	163.8	175.1	+3.6	2.86
Japan	6	91.61	92.70xd	98.61	+2.41	-
Mastertrust	6	86.57	86.57	92.58	+1.57	2.77
UK Growth Acc	6	162.9	170.1	180.9	+0.8	2.20
UK Growth Dist	6	103.5	108.1xd	114.9	+0.5	2.25
US Emerging Cos	6	71.41	72.71	77.35	+0.57	-
Income & Growth	6	284.6	284.6xd	304.3	+7.5	4.60
Ethical	6	51.77	53.06	56.44	+0.47	2.76
International	6	59.24	60.04	63.87	+0.60	1.38
Dividend & Growth	6	46.33	47.52	50.55	+1.18	5.93
Global Gwth & Sec	6	52.28	52.52	55.87	-0.18	3.11
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	1062.0	1062.0	1115.0	.....	-
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	27.98	27.98	29.66	+0.39	2.68
Cash	0	50.14	50.14xd	50.14	+0.01	10.15
European	5¼	63.36	63.36	67.25	+0.18	0.34
European Income	5¼	67.43	67.84xd	71.57	+0.20	1.71
Exempt	1	756.4	756.4	782.0	+10.1	5.22
Extra Income	5¼	36.15	36.15xd	39.40	+0.58	6.28
Far East Emerg Econ	5¼	46.65	46.65	50.02	+0.45	1.28
Fund Inv Tst	5	107.1	109.6	117.0	+1.4	1.46
Fund Inv Tst Acc	5	174.9	179.0	191.1	+2.3	1.43
Gilt & Fixed Int	5¼	15.86	16.39xd	17.50	+0.10	11.38
Japan	5¼	145.3	145.3	154.1	+2.5	0.00
Pacific	5¼	34.04	34.04	36.34	+0.47	0.42
Property Share	5¼	44.56	46.03	49.14	+0.33	4.49
UK Growth	5¼	33.30	33.30	36.01	+0.45	3.86
World Growth	5¼	46.29	46.19xd	49.30	+0.48	0.00
Acorn Unit Trust Managers Ltd (1100)F						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Bishopsgate Progressive Mgmt Co (1200)F						
15 St James' Place, London SW1A 1NW 071-493 8111						
Progressive Inc	5	£17.38	17.38xd	18.34	.....	1.48
Progressive Acc	5	£26.54	26.54	28.01	.....	1.48
International Inc	5	£18.44	18.44	19.46	.....	1.26
International Acc	5	£25.02	25.02	26.41	.....	1.26
Can & Foreign Inc	5	214.7	214.7	226.6	.....	1.54
Can & Foreign Acc	5	256.6	256.6	270.8	.....	1.54
Special Sits Inc	5	198.7	198.7	209.7	.....	1.40
Special Sits Acc	5	215.8	215.8	227.8	.....	1.40
PEP Inc	5	132.6	136.3	143.9	.....	2.14
PEP Acc	5	141.6	145.6	153.7	.....	2.14
Growth Inc	5	74.02	74.02	78.12	.....	0.52
Growth Acc	5	74.78	74.78	78.92	.....	0.52
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F						
5 Giltspur St, London EC1A 9DE 071-236 6441						
Dolphin Special Sits	5½	115.8	115.8	123.8	+1.2	3.56
Dolphin Dividend	5½	56.43	56.43	60.35	+2.04	6.37
Dolphin Int Inc & Gth	5½	154.1	154.1	164.8	+3.5	4.76
Dolphin UK & Gen	5½	35.20	35.36	37.81	+1.15	1.87
Dolphin Fund of Funds	5½	44.75	45.87	49.05	+1.23	1.30
Britannia Life Unit Managers Ltd (1200)F						
190 West George St, Glasgow G2 2PA 041-332 3132						
Balanced Growth	6	74.00	75.17	80.39	+0.96	2.71
Do (Accum)	6	79.25	80.51	86.10	+1.03	2.71
Service Cos	6	63.84	63.84xd	68.28	-0.50	1.98
Do (Accum)	6	67.80	67.80	72.51	-0.54	1.98
Income Growth	6	38.16	38.16xd	40.82	+0.65	5.59
Do (Accum)	6	54.96	54.96	58.78	+0.91	5.59
Higher Yield	6	30.53	30.53	32.66	+0.15	4.90
Do (Accum)	6	39.11	39.11	41.83	+0.18	4.90
American Gth Inc	6	32.54	32.54	34.81	+0.41	1.08
Do (Accum)	6	33.16	33.16	35.47	+0.42	1.08
European Growth	6	23.63	23.73	25.38	+0.13	1.40
Do (Accum)	6	24.29	24.39	26.09	+0.14	1.40
Global Bond Inc	6	22.57	22.64xd	24.21	+0.04	6.03
Do (Accum)	6	26.78	26.87	28.73	+0.04	6.03
Managed P'folio Inc	6	24.57	24.65	26.36	+0.15	-
(Do Accum)	6	24.57	24.65	26.36	+0.15	-
Brown Shipley & Co Ltd (1000)F						
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5						
Mngd P'folio Inc	6	75.61	75.61	80.52	+1.08	2.58
Mngd P'folio Acc	6	139.5	139.5	148.6	+2.10	-
UK General	6	114.0	114.0	121.4	+1.80	4.18
Conv & General	6	16.11	16.11xd	17.16	+0.10	11.89
European Inc	6	18.71	18.71	20.14	+0.06	0.56
European Acc	6	19.22	19.22	20.68	+0.05	-
Financial	6	92.22	92.22	98.21	+1.97	4.81
Foundation	6	59.38	60.88	64.84	+0.62	4.33
German	6	33.38	33.38xd	35.76	-0.07	0.11
Growth Inc (5-1)	5	22.74	22.82xd	24.30	+0.35	3.81
Growth Acc (5-1)	5	25.52	25.60	27.26	+0.61	-
High Income	6	56.27	57.28	61.29	+1.28	7.13
Income	6	89.68	89.68	95.51	+1.47	5.68
Intl Income	6	79.04	79.04	84.18	+1.34	5.73
Intl Growth 4	6	26.58	26.58xd	28.31	+0.19	0.28
Monthly Income	6	53.76	55.63	59.25	+1.04	5.89
North American	6	72.09	72.67	77.39	+0.88	0.28

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Commodity	5	225.04	225.1	238.0	+0.7	2.29
(Accum Units)	5	321.67	321.7	340.1	+0.9	2.29
Compound Growth	5	614.89	614.9	650.3	+12.9	4.68
Dividend (20-1)	5	25.15	25.30xd	27.10	+0.6	6.8
(Accum Units) (20-1)	5	93.30	94.10	100.7	+2.1	6.8
Equity Income	5	219.22	226.7	239.7	+4.0	7.53
(Accum Units)	5	239.96	248.2	262.4	+4.4	7.53
European	5	293.25	294.0	313.1	+0.3	1.66
(Accum Units)	5	361.79	362.7	386.2	+0.3	1.66
European Dividend	5	45.76	46.10	48.80	+0.4	5.96
(Accum Units)	5	49.08	49.50	52.40	+0.4	5.96
Extra Yield	5	284.66	290.6	307.3	+6.1	7.23
(Accum Units)	5	769.11	785.2	830.3	+16.3	7.23
Far Eastern	5	177.22	177.8	190.2	+4.3	1.07
(Accum Units)	5	229.31	230.1	246.2	+1.7	1.07
Fund of Inv Tsts	5	372.47	372.5xd	393.9	+6.9	3.14
(Accum Units)	5	657.22	657.3	695.0	+12.2	3.14
General (20-1)	5	42.96	43.00	45.50	+0.9	5.4
(Accum Units) (20-1)	5	106.28	106.3	112.5	+2.4	5.4
Gilt Income	5	58.21	58.30xd	61.20	+0.2	9.64
(Accum. Units)	5	130.84	131.1	137.6	+0.5	9.64
Gold	5	34.88	35.70	37.70	-0.6	2.05
(Accum Units)	5	40.02	40.90	43.20	-0.8	2.05
High Income (20-1)	5	18.55	18.60xd	19.70	+0.3	7.09
(Accum Units) (20-1)	5	65.00	65.00	68.80	+1.2	7.09
Intl Growth (20-1)	5	50.36	50.40	53.30	+0.4	1.21
(Accum Units) (20-1)	5	85.84	85.90	90.90	+0.8	1.21
International Inc	5	64.85	65.40	69.20	+0.9	6.21
(Accum Units)	5	84.80	85.40	90.40	+1.1	6.21

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Equity Acc	5¼	124.8	124.8	134.1	+3.1	4.65
UK Ind Tracker Inc	5	117.8	117.8	125.9	+3.2	3.90
UK Ind Tracker Acc	5	128.1	128.1	136.9	+3.5	3.90
US Eq Ind Tracker Inc	5	134.1	134.1	143.3	+1.6	3.11
US Eq Ind Tracker Acc	5	139.3	139.3	149.4	+1.7	3.11
Japan Tracker	5	58.57	58.57xd	62.11	+1.75	0.00
Asian Trader	5¼	77.95	77.95	84.18	+1.1	1.87
Managed Inc	5¼	94.64	94.64xd	101.8	+1.8	2.07
Managed Acc	5¼	97.10	97.10xd	104.4	+1.8	2.07
Cash Inc	0	100.10	100.10xd	100.10	+0.02	10.74
Cash Acc	0	112.67	112.67xd	112.67	+0.03	10.74
Europa	5¼	96.37	96.37	103.3	-0.3	0.00
Genesis	5	92.35	92.35	99.28	+0.95	0.00

For Geoffrey Morley see Commercial Union

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Murray Johnstone UT Mgmt (1000)H						
7 West Nile St, Glasgow G2 2PX 0345 090 933						
Acumen	5	67.48	67.67	72.73	+1.38	4.55
Acumen Reserve	3	66.58	66.58	68.57	.....	9.64
American Income	5	123.48	123.50	130.80	+2.00	3.63
Equity Income	5	76.11	76.11xd	81.22	+3.05	6.22
European	5	49.65	49.65	52.98	+0.34	1.56
Far Eastern	5	102.75	102.80	109.70	+1.20	0.90
Smaller Cos	5	45.36	45.36xd	48.40	+0.29	3.41
Olympiad	5¼	44.29	44.29	47.26	+0.72	1.01
Olympiad Income	5¼	41.41	41.41xd	44.19	+0.47	6.19
UK Growth	5	71.30	71.89	76.73	+1.29	2.04

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

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Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Chartered Equitor (1200)F

Standard Life Tst Mgmt Ltd (0629)H

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Trades Union Unit Tst Mngrs (1200)H

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngt Ltd (1000)F

Wessex Asset Management (1600)F

Whittingdale Unit Tst Mgt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1200)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Inv Fd

Charinco/Charishare (1000)F

CAFINVEST-Charities Aid Foundation

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court*

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.*

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Societe Generale Touche Remnant UT Mngt

Stewart Ivory & Co Ltd

Thornton Unit Managers Co Ltd

INSURANCES

Abbey Life Assurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

AEGON Life Assurance (UK) Ltd

Allen Life Insurance Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

Canada Life Group

Cannon Assurance Ltd

CCL Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Legal & General—Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group

Manulife Group—Contd.

Merchant Investors Assurance Co Ltd

Merrey Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Co Ltd

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	105.2	110.7	..	–
Pension Managed Fd	103.3	108.8	...	–
Life Deposit Fd	111.2	117.1	.....	–
Pension Deposit Fd	118.1	124.3	...	–

For National Fin see Target Life

	Bid Price	Offer Price	+ or -	Yield Gross
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	162.6	171.2	...	–
UK Equity	167.5	176.4	.....	–
Overseas Equity	129.3	136.2	...	–
Fixed Interest	162.2	170.8	...	–
Property	129.2	136.0	...	–
Index Linked	151.6	159.6	...	–
Deposit	165.1	173.8	.....	–
With Profits (B)	135.0	142.1	...	–
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	343.5	361.6	+3.7	–
UK Equity	431.1	453.8	+6.9	–
Overseas Eq.	323.7	340.8	+0.9	–
American	273.9	288.4	+2.5	–
Far East	348.6	367.0	+6.6	–
Property	193.9	204.2	+0.1	–
Fixed Int.	274.5	289.0	+0.8	–
Indexed Gilt	161.1	169.6	----	–
Deposit	188.6	198.6	.....	–
With Profit	105.6	111.2	....	–
Pension Fund (Accum Units)				
Managed	497.8	524.0	+5.7	–
UK Equity	585.5	616.4	+9.0	–
Overseas Eq.	553.0	582.2	+4.9	–
American	353.0	371.6	+3.5	–
Far East	571.5	601.6	+10.4	–
Property	248.1	261.2	+0.3	–
Fixed Int.	342.6	360.7	+0.8	–
Indexed Gilt	175.7	185.0	.....	–
Deposit	267.8	281.9	....	–
NPI Pensions Management Ltd				
Managed Fund	1071.5	1090.6	.....	–

Prices December 2 Next dealing January 2

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	213.7	225.5	+3.9	–
UK Fixed Int Acc	193.3	204.0	+0.3	–
Intl Equities Acc	167.5	176.7	+3.9	–
UK Managed Acc	167.8	177.0	+2.4	–
Property Acc	224.2	236.5	-0.2	–
Money Acc	134.3	141.7	..	–
Special Market Acc	140.1	147.8	+1.5	–
Japan Equity Acc	95.5	100.8	+2.8	–
North American Acc	94.9	100.2	+1.7	–
Pacific Acc	89.9	94.9	+1.4	–
Technology Acc	117.7	124.2	+3.1	–
Nat Resources Acc	53.4	56.4	-1.0	–
European Acc	94.0	99.2	+1.1	–
Residential Prop Acc	90.6	95.6	----	–
Swiss Equities Acc	31.2	33.0	+0.2	–
Hong Kong Acc	67.4	71.2	+0.9	–
UK High Inc Eq Acc	69.2	73.1	+1.0	–
Int. Fixed Interest Acc	60.7	64.1	+0.4	–
Int Managed Acc	55.0	58.0	+1.0	–
HIP Managed Acc	111.9	118.0	+1.5	–
HIP Managed II Acc	97.8	103.1	+1.1	–
HIP Managed III Acc	106.6	112.4	+1.4	–
Total Investment Bond				
UK Equity Initial		144.8	+2.5	–
UK Fixed Int Initial		131.2	+0.1	–
Intl Equities Initial		112.9	+2.6	–
UK Managed Initial		113.9	+1.5	–
Property Initial		153.2	-0.2	–
Money Initial		91.6	..	–
Special Market Initial		108.4	+1.0	–
Japan Equity Initial		73.9	+2.0	–
North American Initial		73.4	+1.1	–
Pacific Initial		69.6	+1.0	–
Technology Initial		91.1	+2.3	–
Nat Resources Initial		41.4	-0.7	–
European Initial		83.9	+0.8	–
Residential Prop Init		86.2	..	–
Swiss Equities Initial		29.8	+0.3	–
Hong Kong Initial		64.2	+0.7	–
UK High Inc Eq Init		65.9	+0.9	–
Int. Fixed Interest Init		58.5	+0.2	–
Int. Managed Init		53.1	+0.8	–
HIP Managed Init		108.3	+1.2	–
HIP Managed II Initial		96.0	+1.1	–
HIP Managed III Init		105.7	+1.3	–
Broker Funds				
High Performance	70.9	74.7	..	–
Towerhill Mngd Fd Acc	40.7	42.9	+1.7	–
YRA Executive Fd	98.2	103.5	+0.7	–
£ Global Growth Acc	122.9	129.6	+2.9	–

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$16.22	17.04	+0.04	1.05
Japan Tech	$57.18	60.04	+0.80	-
Japan Fund	$24.56	25.79	+0.40	0.17
Japan New Gen Fd	$18.25	19.16	+0.23	-
Malay Sing	$54.45	57.18	+0.75	0.31
Nth American	$22.03	23.14	+0.20	0.58
Octopus Fund	$21.71	22.80	+0.31	0.88
Pacific Fd	$60.43	63.46	+0.56	-
International Bond	$17.25	18.12	+0.03	6.09
Europa Fund	$13.09	13.75	+0.16	-
British Screen Fd	£0.86	0.91	+0.01	-
Trisur Warrant	$10.93	11.48	+0.22	-
Hong Kong	$51.12	53.68	+0.64	3.09
Mngd Portfolio (Stg)	£3.92	4.23	-0.01	-
Mngd Portfolio (Dlr)	$10.08	10.65	+0.05	-
Currency Fd-Sterling		£29.78		-
Currency Fd-US Dollar		$15.51	+0.01	-
Curr Fd-Deutschemark		DM42.03	+0.01	-
Curr Fd-Managed $	$45.84	48.13	+0.02	-
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Serv Series*		$1.00		4.39
Investment Series*		$1.00		4.29

*Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F
Lord Street, Douglas, IoM 0624 661551

JERSEY (REGULATED)(**)

TSB Trust Funds—Contd.

Barclays Intl Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Currency Funds				
Sterling		£21.52	+0.01	9.5
US Dollar		$31.55		3.4
Deutschemark		DM58.47	+0.01	8.0
Yen		Y4,067	+0.001	5.1
Managed Multicurrency	£13.08	13.55		-
Managed Multicurrency	$25.32	26.22		-
Bond Funds				
Sterling Bond	£0.410	0.426	+0.001	10.6
US Government Income	$99.46	103.21	+0.13	6.7
Asian Selection Funds				
Hong Kong	$12.983	13.466	+0.209	3.0
Indonesia	$7.609	8.010	+0.040	2.9
Korea	$9.727	10.239	+0.045	2.5
Malaysia	$9.686	10.196	+0.144	0.5
Philippines	$10.772	11.339	-0.010	2.5
Singapore	$11.487	12.092	+0.172	1.0
Thailand	$12.100	12.737	+0.093	2.5
South East Asia	$10.920	11.495	+0.080	3.0
US Dollar Liquidity	$9.929	10.452	+0.002	3.4

Gaia Currency Funds

Gartmore Investment Ltd

North Star Fund Managers—Contd.

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

LUXEMBOURG (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Dec 12	Dec 11	Dec 10	Dec 9	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2895.13	2865.38	2863.82	2871.65	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.73	97.69	97.79	97.82	97.92 (12/11)	91.30 (16/1)	97.92 (12/11/91)	54.99 (1/10/81)
Transport	1199.74	1160.50	1171.90	1184.42	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	219.20	219.27	219.70	220.77	221.64 (2/12)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2911.67 (2889.53) Low 2861.14 (2832.29)

STANDARD AND POOR'S	Dec 12	Dec 11	Dec 10	Dec 9	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	381.55	377.70	377.90	378.26	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	448.80	444.53	444.88	445.36	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	30.60	30.10	30.15	30.15	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	210.44	208.53	208.86	209.21	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	366.13	366.48	368.17	370.59	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	536.02	531.64	534.23	535.35	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Dec 6	Nov 29	Nov 22	year ago (approx.)
Dow Industrial Div. Yield	3.17	3.15	3.15	3.98

	Dec 11	Dec 4	Nov 27	year ago (approx.)
S & P Industrial div. yield	3.22	2.80	2.82	3.31
S & P Indl. P/E ratio	21.05	22.98	22.78	15.89

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Telefonos	2,573,600	41½	+ 1¼
IBM	2,092,500	88¾	+ 1
Ahda	2,001,500	11¼	- 1⅛
Philip Morris	1,972,700	69⅝	+ ⅞
East Kodak	1,942,700	45¼	- 1⅛
Gen Motors	1,940,800	28⅛	+ ¼
Triton	1,799,400	38	+ 4⅛
Compaq Comp	1,799,100	27⅛	+ 1¼
Glaxo	1,769,400	29⅝	+ ⅝
West Elec	1,761,200	15¼	+ ¼

TRADING ACTIVITY

† Volume (Millions)	Dec 12	Dec 11	Dec 10
New York SE	192.930	206.010	191.810
Amex	13.568	17.801	16.191
NASDAQ	168.068	174.445	157.622
NYSE			
Issues Traded	2,163	2,175	2,187
Rises	1,029	614	633
Falls	595	1,012	1,030
Unchanged	539	549	524
New Highs	49	39	60
New Lows	56	116	46

CANADA

TORONTO	Dec 12	Dec 11	Dec 10	Dec 9	1991 HIGH	1991 LOW
Metals & Minerals	2760.23	2752.01	2748.75	2750.17	3299.99 (18/7)	2632.06 (9/1)
Composite	3348.42	3361.92	3374.70	3382.89	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1773.57	1776.29	1789.08	1790.44	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec 13	Dec 12	Dec 11	Dec 10	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1598.0	1591.9	1564.6	1571.5	1696.3 (8/11)	1204.5 (16/1)
All Mining (1/1/80)	633.5	632.9	622.6	628.8	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	381.95	379.16	379.48	382.71	534.81 (16/4)	379.16 (12/12)
BELGIUM						
BEL20 (1/1/91)	1081.62	1066.60	1061.52	1058.46	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	348.34	347.46	347.68	348.42	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	776.7	779.1	776.7	797.4	1186.9 (8/4)	776.7 (11/12)
FRANCE						
CAC General (31/12/82)	464.01	453.07	450.03	455.44	503.51 (15/11)	394.88 (15/1)
CAC 40 (31/12/87)	1688.27	1671.62	1645.56	1636.93	1887.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	633.72	629.45	628.22	633.13	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1789.9	1778.2	1773.9	1788.8	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1558.34	1546.39	1543.59	1551.11	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4155.48	4096.00	4097.23	4128.32	4271.34 (15/11)	2984.02 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1381.95	1354.52	1351.34	1339.85	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	492.75	489.75	487.87	482.89	619.38 (3/6)	482.89 (10/12)
JAPAN						
Nikkei (16/5/49)	22754.90	21712.57	21502.90	21953.06	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1726.15	1683.04	1666.70	1685.83	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2503.14	2481.29	2466.62	2485.68	3423.45 (10/5)	2466.62 (11/12)
MALAYSIA						
KLSE Composite (4/4/86)	537.85	532.69	530.98	531.75	635.82 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS TtlRtn.Gen.(End 1983)	272.4	268.8	267.5	269.1	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	191.3	188.6	187.9	189.0	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE Ind. (2/1/83)	662.48	653.73	643.84	647.00	793.63 (26/8)	595.77 (2/12)
PHILIPPINES						
Manila Comp (2/1/85)	1126.10	1125.77	1129.08	1141.13	1183.40 (29/5)	582.64 (18/1)
SINGAPORE						
SES All-Singapore (2/4/75)	392.07	387.66	387.09	388.83	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1194.04	1232.0	1256.0	1290.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4148.04	4153.0	4157.0	4172.0	4364.0 (13/11)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(u)	653.48	641.15	635.76	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	240.24	238.97	237.96	240.92	289.22 (18/3)	213.78 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	906.9	902.5	902.6	910.1	1149.8 (11/7)	888.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	716.7	711.0	707.3	710.7	769.3 (14/11)	590.4 (14/1)
SBC General (1/4/87)	582.0	578.2	575.5	578.5	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4417.06	4439.97	4481.79	4455.76	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	699.69	699.69	695.10	(c)	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	506.4*	499.6	494.5	498.1	529.2 (17/4)	439.1 (16/1)

**Saturday December 7: Taiwan Weighted Price: 4501.90; Korea Comp Ex. 619.88.
*Calculated at 15.00 GMT.
‡ Subject to official recalculation.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

Prices data supplied by Telekurs.

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WORLD STOCK MARKETS

AMERICA

Dow advances strongly for a second day

Wall Street

SPURRED BY a spectacular overnight gain in Tokyo and confidence in the domestic market's resilience, US stocks rose sharply for the second consecutive day yesterday, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 25.26 at 2,920.39. The more broadly based Standard & Poor's 500 was also higher at midsession, up 3.41 at 384.96, while the Nasdaq composite of over-the-counter stocks climbed 4.75 to 540.77. Volume on the NYSE was heavy at 122m shares.

The 4.8 per cent jump in Tokyo share prices buoyed sentiment at the opening, although the gains in Japan were not inspired by factors likely to have an impact on US investors.

A bigger influence in the market was the strength shown when the Dow fell below 2,850 this week. The feeling that 2,850 is now a firm floor for the index has attracted investors back to the equities pitch. Confidence was such yesterday that the market ignored the potentially disruptive news that November consumer price inflation was up 0.4 per cent, more than expected.

Among individual stocks, USX-Marathon slipped $⅜ to $22 on the disappointing news that drilling at an oil find in Tunisia had shown only minor amounts of oil.

In the same sector, Arkla Exploration fell $⅛ to $10½ on reports that the parent group might have to slash its dividend next year.

American Brands rose $¼ to $40⅝ after the company said that it would probably take a one-off pre-tax charge of less than $275m in January 1993 in connection with post-retirement benefits other than pensions.

Ford rose $⅝ to $25¾ in spite of unveiling a 33 per cent decline in early December car sales and a 14 per cent fall in truck sales. The other big car manufacturers were also firmer, Chrysler up $¼ at $11¾ and General Motors rising $½ to $28⅝, the latter having reported only slight declines in early December sales.

Healthtrust was a newcomer to the market yesterday. The hospital management company's stock was priced at $14 a share, and by early afternoon it was trading at $13⅝ in volume over of 3.8m shares.

After a delayed opening owing to an imbalance of buy orders, UAL rose $3¾ to $128 as investors picked up the stock in the hope that the carrier's newly acquired Latin American routes (bought from the bankrupt Pan Am) will boost its campaign to be a fully fledged global airline.

Amid forecasts from analysts of a sustained rally in the airline sector, other stocks rose, with AMR up $1½ at $63⅝ and Delta up $⅝ at $61⅞.

Canada

TORONTO firmed slightly in moderate trading by midday, making a marginal recovery from eight successive losses. The composite index rose 11.7 to 3,360.2. Advancing issues led declines by 259 to 189 in volume of 15.5m shares valued at C$197.5m.

Among active issues, Grafton Group class A eased 20 cents to 50 cents, BCE was flat at C$46¼, Canadian Satellite rose C$⅝ to C$11¼, Royal Trustco gained C$⅛ to C$6⅛ and Ranger Oil firmed C$⅛ to C$8¼.

ASIA PACIFIC

Nikkei jumps 4.8% in biggest gain of year

Tokyo

THE NIKKEI average registered its biggest gain of the year and its eighth largest ever yesterday, on buying orders placed in the morning, *writes Emiko Terazono in Tokyo.*

The surge relieved worries over the outcome of yesterday's December futures settlements. The Nikkei closed 1,042.33 or 4.8 per cent higher at 22,754.90, after opening at the day's low of 21,716.07 and hitting a high of 22,758.61.

Trading was slowed at the opening by a large number of buyers and a virtual absence of sellers, but a round of arbitrage-linked selling was countered by aggressive buying by arbitrageurs, investment trusts and financial institutions.

Volume jumped from 220m shares to 700m, of which an estimated 350m was accounted for by initial index-related trading. Advances overwhelmed declines by 935 to 98, with 99 unchanged, the Topix index of all first section stocks advancing 43.11 to 1,726.15. In London, the ISE/Nikkei 50 index fell 6.76 to 1,281.39.

Traders said that arbitrageurs rushed to buy cash stocks in order to create new positions. Mr Alex Woodthorpe at S.G. Warburg Securities added that the initial, arbitrage-related trading triggered buying by institutions directly interested in the cash market.

Some analysts are still bearish about short-term prospects. Mr Shiomichi Kawamoto at the Nikko Research Institute said that the rise was too sharp, and that support for the Nikkei would be brief. "The only group of investors which can buy into the market is the individuals, and they are not ready to commit funds into stock investments yet," he added.

Small-capital components of the Nikkei average attracted heavy buying. Daito Woolen Spinning and Weaving added Y190 to Y1,450, Shimura Kako Y100 to Y970 and Godo Shusei Y220 to Y2,100. High-technology blue chips rose on foreign buying. Toshiba rose Y10 to Y640 and NEC Y40 to Y1,190.

Issues that become eligible for margin trading next week rallied. Mitsui Sugar gained Y73 to Y733, for a rise of 38 per cent this month. Rasa Industries added Y66 to Y878 and Miyaji Iron Works Y20 to Y870.

Hogy Medical, a medical equipment company listed on the second section at the start of this month, picked up Y300 to Y5,310, its third consecutive rise. Investors have been encouraged by the company's earnings projections.

In Osaka, the OSE average added 721.01 to 24,596.14 in volume of 27m shares.

Roundup

TOKYO'S STRENGTH yesterday and the overnight gain on Wall Street encouraged several Pacific Rim markets.

AUSTRALIA extended Thursday's gains, in spite of the news that Prime Minister Bob Hawke will fight the challenge from Mr Paul Keating, the former treasurer. Hopes that a change in leadership would produce a cut in interest rates had lifted the market the previous day. The All Ordinaries index was up 6.1 at 1,597.9, an advance of 0.9 per cent on the week. Turnover eased to A$112m from A$350m.

News Corp fell after pricing its issue of 42m ordinary share American Depositary Receipts at A$12.50 each. The stock lost 60 cents to A$13.20.

HONG KONG was encouraged by Thursday's late news that Jardine Matheson, which is moving its primary listing to London, would seek a secondary listing in Hong Kong. The Hang Seng index gained 59.48 to 4,155.48, but still ended the week 0.8 per cent lower. Turnover recovered to HK$1.27bn from HK$991m.

Jardine Matheson rose HK$1.50 to HK$38.50, while its affiliates, Jardine Strategic Holdings and Hongkong Land, put on 50 cents to HK$18.30 and 20 cents to HK$9.05.

SINGAPORE rose in moderate trading. The Straits Times Industrial index gained 16.41 to 1,441.32 – a rise on the week of 0.8 per cent – in turnover of S$87m, up from S$65m. KUALA LUMPUR also advanced, with its composite index up 5.16 at 537.85 for a gain of 1.4 per cent on the week. Volume grew to 38m shares from 31m.

TAIWAN eased on profit-taking. The weighted index lost 22.91 to 4,417.06 as turnover slipped to T$17.2bn from T$17.5bn. The market gained 0.9 per cent over the week. Profit-taking also depressed SEOUL, where the composite index fell 6.03 to 647.37, but gained 1.9 per cent on the week which saw the signing of a non-aggression pact between North and South Korea. Turnover was steady at Won261bn.

BANGKOK and MANILA were flat on the day but up 1.8 per cent and 2.1 per cent on the week. The SET index eased 0.01 to 699.68 in heavy turnover of Bt4.2bn, while the Manila composite added 0.33 to 1,126.1.

EUROPE

Overseas rises receive sporadic welcome

THE APPARENT improvement in sentiment on Wall Street and in Tokyo gave some bourses a fillip yesterday, but the response was sporadic, *writes Our Markets Staff.*

PARIS ended the week almost where it started, as three successive days of gains mopped up Monday's and Tuesday's losses. The CAC 40 index came within four points of the 1,700 level before finishing 16.65, or 1 per cent higher at 1,688.27 compared with the previous Friday's close of 1,685.72. Turnover was moderate at about FFr2.3bn, up from FFr2.1bn.

Among the firmer blue chips, Total, which has signed a production-sharing agreement in the Russian Arctic Circle, rose FFr24 to FFr965, Saint-Gobain added FFr12.10 to FFr425.90 and Peugeot gained FFr8 to FFr572.

One of the day's losers was Hachette, the media group, which fell FFr4.10 to FFr135.90 after Canal Plus, the pay-television station, confirmed that it had taken part in talks with La Cinq, Hachette's struggling television channel, but did not plan to invest. Canal Plus gained FFr18 to FFr1,040 in volume of 58,675 shares.

A block trade, said to be on behalf of US interests, lifted volume in CGI Informatique, the information technology company, to 99,730 shares, as the share price rose FFr11 or 4 per cent to FFr285.

AMSTERDAM responded to the overseas gains with a rise of 1.3 per cent. The CBS Tendency index added 1.1 to 88.0, ending the week unchanged.

Among the winners, Royal Dutch was supported by the firmer dollar and rose Fl 2.70 or 1.9 per cent to Fl 143.10; Akzo, which this week raised its forecast for 1991 net profits, added Fl 1.90 or 1.5 per cent to Fl 128.40; and Philips gained 90 cents or 3.1 per cent to Fl 30.30.

Volmac, the software group, jumped Fl 2 or 9.3 per cent to Fl 23.40 after saying late on Thursday that it expected a fall in 1991 profits of 15 per cent, rather than of 30-45 per cent as previously forecast.

FRANKFURT, although mildly appreciative, clearly decided that the bounce in Tokyo was a domestic affair, and did not imply immediate Japanese interest in German stocks. The DAX index rose 11.95 to 1,558.34 but was virtually unchanged on the week, while the FAZ, 8.27 better at 633.72, was down 0.7 per cent over five days. Volume was almost flat at DM3.66bn.

In a strong automotive sector, Daimler Benz put on DM10 to DM717. Mr Edzard Reuter, chief executive, forecast higher earnings per share and cash flow in 1991, but a deceleration in domestic car sales for 1992. Volkswagen climbed another DM5.40 to DM293.50, this week's belated recovery following a month of weakness.

Corporate strategies, or the hint of them, saw Hoesch leading steels higher with a DM7.50 rise to DM270 as observers wondered if more stakebuilding was going on; and Philipp Holzmann in construction dropping DM21 to DM988, possibly on speculation that, in an industry characterised by share crossholdings, Holzmann's sale of its stake in Dywidag could presage a Hochtief disposal of its Holzmann holding.

BRUSSELS enjoyed a blue-chip rally. The Bel20 index gained 15.02 or 1.4 per cent to 1,081.62 – a rise on the week of 1.5 per cent – in turnover of BFr996m.

Petrofina jumped BFr450 or 4.3 per cent to BFr10,825 with 21,100 shares traded, on rumours that covered warrants would be issued on the stock.

MADRID rose, but was restrained by economic data for November showing a rise of 0.1 of a percentage point in headline inflation – compared with some forecasts of a fall – and a sharper gain of 0.6 point in inflation excluding food and energy.

The general index added 1.27 to 240.24, but ended the week 1.8 per cent lower. Turnover remained thin at about Pta8bn, down from Pta9.9bn.

OSLO rose 1.1 per cent on the day and 4.5 per cent on the week, the all-share closing 4.72 higher at 418.65 in turnover of NKr295m. The index has recovered 12 per cent since early last week, on the reckoning that pessimism about the economic outlook has been overdone.

STOCKHOLM rose on the day, the Affärsvärlden General index adding 4.4 to 906.9 to end the week 2.1 per cent lower, but the outstanding individual price feature was a SKr2 drop in Ericsson to SKr98, against a high this year of SKr203. Dealers attributed the latest dip to investor worries over the telecommunication group's ability to break even in 1991.

MILAN staged another modest rally in thin trading, which left the Comit index 3.00 higher on the day at 492.75, and 0.4 per cent lower on the week.

Among industrial blue chips, performance was mixed. Fiat closed L5 higher at L4,675, but retreated to end kerb trading at L4,650. The tyres and cables group, Pirelli SpA, which has lost around 40 per cent in the past two weeks since the collapse of its courtship of Continental of Germany, closed at L1,060, up just L10. Olivetti closed L64 higher at L2,525.

VIENNA edged higher after six days of losses. The ATX index rose 4.99 to 913.87, but lost 3.7 per cent over the week.

FT-SE Eurotrack 100 - Dec 13

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1050.72	1051.34	1049.83	1049.74	1051.38	1051.37	1051.93	1051.10

Day's High 1052.84 Day's Low 1049.15

Dec 12	Dec 11	Dec 10	Dec 9	Dec 6
1040.33	1034.07	1034.94	1039.46	1041.38

Base value 1000 (26/10/90)

SOUTH AFRICA

GOLD SHARES fell again as bullion prices remained weak. The Johannesburg all-gold index lost 38 or 3.1 per cent to 1,194, for a three-day fall of 7.4 per cent. The overall index lost 21 to 3,459, as the industrial index eased 5 to 4,148.

German equities await another new beginning

Andrew Fisher reviews a recently somnolent bourse

TWO YEARS AGO, the German stock market embarked on a bout of enthusiasm, prompted by the opening of the east-west border and the optimistic outlook for a united Germany.

It was a positive response to a historic development, but it did not last. The realisation of the high cost of unity has dented many early illusions; and the state of the east German economy has turned out to be much worse than people had imagined.

Reinforcing a more sober assessment of the market have been the impact of the Gulf crisis and ensuing war on worldwide business confidence, the immense uncertainties in the former Soviet Union, and the failure of the crucial US economy to undergo a convincing recovery.

All this has influenced investors in Germany, where export dependence is high and the international economic weakness has hit some manufacturing companies hard.

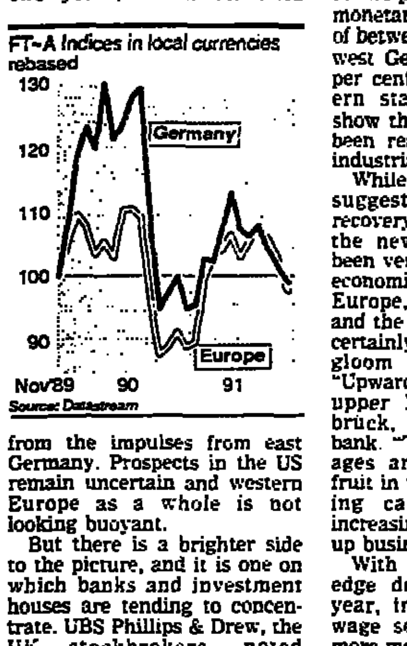
Germany has its own home-grown problems, too. Wage settlements have run at around 7 per cent this year and inflation has topped 4 per cent in a country that is historically sensitive to accelerating price rises. The vast flow of funds into the east and the government's expansive fiscal policies have added to the inflationary tendencies.

The Bundesbank has asserted that it wants to see inflation fall to 2 per cent, although it admits that this goal is unlikely to be achieved fully in 1992. Hence it intends to keep a tight hold on the money supply, with financial markets expecting a further quarter point rise in the 9.25 per cent Lombard rate next Thursday.

Where does the market go from here? This year, the DAX index has moved between a low of 1,312 in January and a high of 1,716 in June. It has gained around 11 per cent on the year to date, lately settling below the 1,600 level. Next year, German shares could start to benefit from a perception that the market offers good long-term potential.

This may seem like an old story. Whatever happens in the short term, market analysts can always look far ahead, pointing out the inherent strength of Germany's industry and banks and the eventual rewards to be reaped in east Germany and, much later, in eastern Europe.

At the moment, economic growth is slowing down in west Germany. Gross national product was down by half a point between the second and third quarters, and next year's growth will be by no means as dynamic as that of the past two years, which benefited from the impulses from east Germany. Prospects in the US remain uncertain and western Europe as a whole is not looking buoyant.



Source: Datastream

But there is a brighter side to the picture, and it is one on which banks and investment houses are tending to concentrate. UBS Phillips & Drew, the UK stockbrokers, noted recently: "Market sentiment surrounding Germany has begun to improve recently as investors have started to reassess the favourable longer-term growth outlook."

Expressing only lukewarm views about Paris, which has recently underperformed Frankfurt, it recommended switching into Germany and Switzerland. True, the German market was not proving exciting in the short term. "However, in terms of long-term valuations, it is one of the cheapest markets. The market currently offers the opportunity to buy more for less."

The argument goes like this. Through reunification, the level of potential growth has risen, with Phillips & Drew expecting average yearly economic expansion of 3 per cent this decade against the long-term historic average of 2 per cent. "The boost to growth arises from the increased fiscal stimulus to the economy (although this will be reduced) and the higher investment spending and enhanced pool of labour."

The Bundesbank put the increase in Germany's overall productive potential next year at 2.75 per cent, when fixing its monetary target; this consisted of between 2 and 2.5 per cent in west Germany and around 3.5 per cent in the five new eastern states. Latest statistics show that the bottom has now been reached in east German industrial output.

While this certainly does not suggest that east German recovery is now under way – the new order figures have been very erratic as a result of economic disruption in eastern Europe, especially in Russia and the other republics – it is certainly a change from all the gloom of recent months. "Upward forces are gaining the upper hand," believes Delbrück, the Cologne private bank. "The financial aid packages are beginning to bear fruit in that they are encouraging capital spending and increasing the readiness to set up businesses."

With interest rates likely to edge downwards later next year, inflation to slow, and wage settlements to become more moderate, the outlook for German stocks should brighten. Recent earnings statements, notably from the chemical and engineering sectors, have been generally discouraging. But the latest bank profits have been positive and improved results from two of the country's largest companies, Daimler-Benz and Siemens, have lifted the market.

Overall company earnings are forecast to pick up after the declines of this and last year, although estimates differ considerably as to how much. With greater attention from foreign investors – the Japanese are showing renewed interest – the DAX could reach 1,900 or 2,000.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 12 1991								WEDNESDAY DECEMBER 11 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	147.36	+1.8	120.77	120.35	121.09	127.12	+1.9	4.59	144.82	118.63	118.27	118.70	124.76	160.31	112.74	120.59
Austria (20)	160.06	+0.3	131.18	130.72	131.52	131.60	−0.1	2.19	159.54	130.68	130.30	130.76	131.74	222.37	153.86	211.85
Belgium (47)	135.39	+0.5	110.96	110.56	111.24	108.68	+0.5	5.45	134.74	110.36	110.03	110.43	108.15	151.20	118.04	138.99
Canada (115)	131.99	−0.3	108.18	107.79	108.45	109.15	−0.3	3.36	132.45	108.49	108.17	108.55	109.43	144.28	126.49	129.73
Denmark (37)	254.10	−0.6	208.25	207.52	208.79	212.63	−0.3	1.68	255.66	209.41	208.80	209.54	213.32	270.56	217.74	243.54
Finland (15)	74.30	−0.5	60.90	60.69	61.06	66.73	−0.8	3.65	74.69	61.18	61.00	61.22	67.24	125.15	74.30	104.71
France (109)	137.13	+1.3	112.39	111.99	112.67	116.16	+1.6	3.81	135.38	110.89	110.56	110.95	114.31	152.26	119.11	143.29
Germany (65)	110.42	+0.0	90.50	90.19	90.73	90.73	+0.2	2.54	110.43	90.46	90.20	90.51	90.51	125.35	94.15	123.18
Hong Kong (55)	168.59	−0.2	138.17	137.68	138.53	168.26	−0.2	4.42	168.85	138.31	137.90	138.40	168.52	176.14	119.82	126.74
Ireland (16)	157.85	+0.3	129.37	128.91	129.70	131.96	+0.3	3.80	157.40	128.93	128.55	129.01	131.63	182.46	132.88	159.67
Italy (77)	69.68	+0.2	57.11	56.90	57.25	62.11	+0.5	3.73	69.57	56.98	56.81	57.02	61.81	88.23	64.76	84.27
Japan (474)	128.30	+0.9	105.15	104.78	105.44	104.78	+0.9	0.81	127.22	104.21	103.90	104.28	103.90	146.97	118.23	133.31
Malaysia (68)	203.82	+0.4	167.04	166.45	167.47	215.63	+0.4	2.89	203.10	166.36	165.86	166.46	214.87	247.78	169.18	207.27
Mexico (17)	1224.18	−2.7	1003.30	999.78	1005.91	4070.25	−2.7	1.26	1258.70	1031.02	1027.98	1031.66	4185.03	1404.63	534.45	604.01
Netherland (31)	144.12	+0.2	118.11	117.70	118.42	117.15	+0.5	4.61	143.80	117.79	117.44	117.86	116.60	148.25	125.70	135.32
New Zealand (14)	45.54	+0.8	37.32	37.20	37.42	43.23	−0.1	6.35	45.19	37.02	36.91	37.04	43.27	54.84	41.18	44.36
Norway (30)	174.63	+1.6	143.12	142.62	143.50	147.43	+1.3	1.75	171.84	140.75	140.34	140.84	145.60	223.24	157.08	212.51
Singapore (38)	203.58	+0.3	166.85	166.27	167.28	155.08	+0.3	2.25	203.07	166.33	165.84	166.44	154.69	213.93	151.63	164.22
South Africa (61)	252.48	−0.9	206.92	206.19	207.45	176.04	−0.5	2.81	254.84	208.74	208.12	208.87	176.83	271.99	173.00	175.60
Spain (53)	145.97	+0.7	119.63	119.21	119.94	111.58	+0.6	4.96	145.01	118.78	118.44	118.86	110.96	171.12	131.51	153.53
Sweden (25)	169.37	+0.2	138.81	138.32	139.17	144.86	+0.5	3.08	169.05	138.47	138.06	138.56	144.15	204.12	146.60	168.57
Switzerland (59)	94.53	+0.4	77.47	77.20	77.68	81.84	+0.6	2.44	94.18	77.15	76.93	77.21	81.31	100.67	82.17	92.37
United Kingdom (238)	174.94	+1.7	143.38	142.86	143.74	143.37	+1.7	5.23	172.04	140.92	140.49	140.99	140.92	187.44	156.27	168.84
USA (526)	155.46	+1.0	127.41	126.97	127.75	155.46	+1.0	3.13	153.95	126.10	125.73	126.18	153.95	161.59	125.95	133.08
Europe (824)	138.48	+1.0	113.49	113.10	113.79	114.31	+1.1	4.23	137.14	112.34	112.01	112.41	113.04	151.52	125.50	141.19
Nordic (107)	174.17	+0.0	142.74	142.25	143.12	142.08	+0.2	2.28	174.25	142.73	142.31	142.82	141.86	200.81	155.55	175.91
Pacific Basin (718)	129.78	+0.8	106.36	105.99	106.64	107.09	+0.8	1.16	128.69	105.41	105.11	105.48	106.19	145.92	117.86	132.24
Euro−Pacific (1542)	133.57	+0.9	109.47	109.07	109.75	110.72	+1.0	2.43	132.38	108.43	108.11	108.49	109.66	147.66	121.29	136.25
North America (641)	153.94	+0.9	126.17	125.74	126.52	152.32	+0.9	3.15	152.55	124.96	124.60	125.05	150.93	160.44	125.91	132.79
Europe Ex. UK (586)	116.76	+0.4	95.69	95.37	95.96	97.66	+0.7	3.48	116.25	95.22	94.96	95.30	97.01	129.80	103.58	123.92
Pacific Ex. Japan (244)	144.34	+0.8	118.29	117.90	118.61	128.86	+0.8	4.21	143.23	117.32	117.00	117.41	127.85	153.19	111.40	118.93
World Ex. US (1735)	135.45	+0.8	111.01	110.63	111.30	112.36	+0.9	2.46	134.39	110.08	109.76	110.15	111.40	148.16	122.32	136.69
World Ex. UK (2023)	137.97	+0.8	113.07	112.68	113.38	123.98	+0.8	2.41	136.92	112.15	111.83	112.23	122.99	146.16	120.06	131.01
World Ex. So. Af. (2200)	140.44	+0.9	115.10	114.71	115.41	125.38	+0.9	2.71	139.21	114.03	113.70	114.11	124.23	148.66	122.92	134.12
World Ex. Japan (1787)	149.34	+0.9	122.39	121.97	122.73	137.52	+0.9	3.57	148.06	121.28	120.93	121.37	136.25	155.59	126.69	136.24
The World Index (2261)	141.18	+0.9	115.71	115.31	116.02	125.84	+0.9	2.71	139.98	114.66	114.32	114.74	124.71	149.37	123.28	134.37

Constituent change with effect 16/12/91: Deletion: *Maxwell Communications (U.K.). Latest prices were unavailable for this edition.*

BRITISH FUNDS

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
12¾pc 1992‡‡		100	—	101½	100	12.73	10.16
10pc 1992		99	—	100	97	10.02	10.15
2pc IL 1992‡‡		134	+⅛	134	125	1.97	8.25
8pc 1992 ‡‡		99	+⅛	99	95	8.06	10.00
10½pc Cv 1992‡‡		100	+⅛	100	98½	10.48	10.17
3pc 1992		97		97	91	3.07	7.85
Exch 12¼pc 1992		101	+⅛	102	100	12.08	10.04
13½pc 1992		102		104	102	13.18	10.03
Treas 8¼pc 1993		98		98		8.39	9.73
10pc 1993‡‡		100		100	97	9.98	9.71
12½pc 1993‡‡		103		104¾	102	12.03	9.80
Funding 6pc 1993‡‡		95		95	89	6.30	8.89
Treas 13¾pc 1993‡‡		108		108	105	12.68	9.78
8½pc 1994		97		97	92	8.69	9.60
14½pc 1994‡‡		109		111	108	13.29	9.87
Exch 13½pc 1994		107		109	105	12.54	9.76
Treas. 10pc Ln. 1994‡‡		101		101	95	9.93	9.63
Exch 12½pc 1994		106	−¼	107¼	103	11.77	9.79
Treas 9pc 1994‡‡		98		98	93¼	9.15	9.62
12pc 1995		105		106	102	11.34	9.76
Exch 3pc Gas 90–95		88	—	89	82¼	3.39	6.81
10¼pc 1995		101		102	95	10.08	9.74
Treas 12¾pc 1995‡‡		109		110	105	11.65	9.78
14pc 1996		113		114	109	12.37	9.99
9pc 1992–96‡‡		98		99	92	9.18	9.33
15¼pc 1996‡‡		118		119	115	12.87	9.94
Exch 13¼pc 1996‡‡		111		112	108	11.84	9.87
Conversion 10pc 1996		101		101	95	9.88	9.64
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		113		114	105	11.71	9.88
Exch 10½pc 1997		103		103	97¼	10.17	9.68
Treas 8¾pc 1997‡‡		96		96	89	9.09	9.60
Exch 15pc 1997		121		123	117	12.31	9.98
9¾pc 1998		100 xd		100	93	9.70	9.65
Treas 6¾pc 1995–98‡‡		88		88	83⅝	7.60	9.10

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
15½pc '98‡‡		127		128	121¾	12.16	9.84
Exch 12pc 1998		111		111	104	10.79	9.75
Treas 9½pc 1999‡‡		100 xd	+¼	100	92	9.48	9.47
Exch 12¼pc 1999		112	+⅛	113	105	10.88	9.76
Treas 10½pc 1999		104		104	97	10.05	9.65
Conversion 10¼pc 1999		103	+¼	103	95	9.93	9.66
9pc 2000‡‡		97		97	89	9.24	9.46
Treas 13pc 2000		118 xd		118	110	11.01	9.83
10pc 2001		102	+¼	103	94	9.74	9.55
14pc '98–01		119		119	113	11.75	9.92
9¾pc 2002		101½		101	92	9.61	9.52
10pc 2003		103		104	94	9.67	9.51
Treas 11½pc 2001–04		110 xd		111	102	10.41	9.76
Funding 3½pc '99–04		61 xd		62	53	5.66	8.50
Conversion 9½pc 2004		100	+¼	100	90	9.50	9.48
9½pc 2004 A		100	+¼	100	96	9.50	9.48
9½pc 2005		100	+¼	100	90	9.48	9.47
Treas 12½pc 2003–05		120		121	111	10.34	9.53
8pc 2002–06‡‡		88		88	79	9.06	9.47
Over Fifteen Years							
Treas 11¾pc 2003–07		114⅞		115	105	10.23	9.54
8½pc 2007 ‡‡		92¾ xd		93	84	9.18	9.40
13½pc '04–08		128		129	118	10.52	9.53
9pc 2008 ‡‡		97		98	88	9.26	9.34
8pc 2009		88		89	80	9.05	9.34
Conv 9pc Ln 2011 ‡‡		97		97	88	9.27	9.33
9pc 2011 A		85⅝ xd	—	88	91	8.51	9.33
9pc 2011 B		97		97	33	9.27	9.33
Treas 5½pc 2008–12‡‡		65		66	58	8.41	9.30
7¾pc 2012–15‡‡		84		85	76	9.14	9.37
Exch 12pc '13–17		124	+½	128¼	113	9.68	9.37
Undated							
Consols 4pc		41⅜	+¼	41¾	37	9.67	—
War Loan 3½pc‡‡		37	+¼	37	33	9.41	—
Conv 3½pc '61 Aft		60	+⅛	60	57	5.79	—
Treas 3pc '66 Aft		30½ xd	+⅛	30	28¼	9.84	—
Consols 2½pc		25	+⅛	25	23	9.82	—
Treas. 2½pc		25¼	+⅛	25	23	9.71	—

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	122⅞	+⅛	123	115	2.79	3.79
2pc '96	(67.9)	177		177⅞	168	3.50	4.02
2½pc '01	(78.3)	144		145	137	4.02	4.31
2½pc '03	(78.8)	139¾		141	133	4.09	4.34
2pc '06	(69.5)	141 xd		143	135	4.16	4.36
2½pc '09	(78.8)	129½		131	124	4.18	4.36
2½pc '11	(74.6)	133		135	128	4.19	4.35
2½pc '13	(89.2)	109		111	105	4.19	4.34
2½pc '16	(81.6)	116¾		118	113	4.18	4.33
2½pc '20	(83.0)	111 xd		113	109½	4.18	4.31
2½pc '24‡‡	(97.7)	92⅝ xd		95¼	91¼	4.17	4.29

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1991: 133.1 and for November 1991: 135.6

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		108¾	+⅛	107⅞	95⅞	10.79	10.29
Asian Dev 10¼pc 2009		101	+⅛	102⅝	91⅞	10.33	10.02
B'ham 11½pc 2012		105¼	+¼	105¼	100½	11.33	10.85
Ireland Cap 8½pc 10		95½	—	97¼	88½	8.90	—
9pc Cap 1996		98	—	99	93	9.17	—
13pc '97–02		113	+¼	115	109½	11.35	—
GLC 6¾pc 1990–92		99	—	99	93	6.82	11.40
Hydro Quebec 15pc 2011		131		133	120	15.0	10.98
Int–Am Dev 12½pc 2003		115		118	105	11.09	10.15
9¾pc 2015		97		97	86	10.37	10.08
Leeds 13½pc 2006		118	+¼	119½	110½	11.69	10.96
Liverpool 3½pc Irred		30½	—	31	29	11.67	—
LCC 3pc '20 Aft		27½	—	27½	26	11.11	—
Manchester 11½pc 2007		105½	+¼	105½	97½	11.27	10.78
Met. Wtr 3pc 'B'		53	+¼	53½	52	5.77	9.84
N'wide Anglia 3⅞pc 2021		108	+¼	108¼	102	—	5.42
4¼pc IL 2024		106	+¼	107¼	104	—	5.16
Sth Rhod 87–92 Asstd		98½	—	98½	84½	4.82	—
Utd Mex States 16½pc 2008		125¼	+1¾	125¼	101	13.33	12.82

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs		32 13/16xd	+3/16	34 5/8	20 7/8	14,887	1.7
♥Allegheny & W.		248p	-8	305p	218p	128.9	6.8
Amdahl		725pxd	+25	10 1/4	687p	884.7	0.8
Amer Cyanamid		31 1/8	+1/8	42 1/8	25 3/8	2,812	2.7
Amer Express		10 3/4xd	—	17 7/8	9 1/16	4,821	5.5
Amer T & T		20 7/8xd	+1/16	24 1/2	15 1/4	27,288	3.6
Ameritech		35 3/8	+1/2	38 7/8	32 1/2	18,436	5.4
BankAmerica		18 7/16xd	+1 5/16	25 5/16	12 3/16	4,088	3.7
Bankers NY		34 13/16xd	+3/16	38 5/16	20 1/16	2,853	7.6
Bell Atlantic		26 1/4xd	+1/4	30 1/2	24 1/4	10,323	5.4
BellSouth		27 3/8	+1	31 1/4	25	13,278	5.7
♥Bethlehem Steel		8 5/8xd	—	11 1/4	6 7/16	584.6	8.4
Bowater		1077p	-8	1638p	1046p	388.9	6.3
CPC		47 7/8xd	+1/4	54 13/16	37 13/16	3,618	2.3
California Engy		576p	—	630p	420p	148.6	—
Campbell Soup		43 1/8xd	+1/4	50	28 1/4	5,412	1.9
Chase Manhattan		8 3/16	+3/16	12 7/8	5 5/16	1,184	8.0
Chrysler		6 1/4xd	+1/16	9 3/16	5 1/2	1,791	5.4
Citicorp		5 1/2xd	+1/8	10 1/8	5 5/8	1,889	—
Colgate-Palm		24 5/8xd	+3/8	26 5/8	21 3/16	3,536	2.4
Cont'l Bank		468p	-1	828p	438p	478.9	7.2
Dana		14 3/8xd	+1/4	21 5/8	13 13/16	580.9	6.3
Data General		822p	-13	1282p	203p	228.8	—
Dial		22 13/16xd	-1/16	26 5/8	12 7/8	988.1	3.4
Dun & Brad		27 7/8	+3/8	29 5/8	20 3/4	4,978	4.4
Eaton		32 11/16	+13/16	40	24 1/4	1,181	3.8
Echlin		5 13/16xd	+1/16	8 1/2	5 1/2	331.6	6.6
FPL		19 1/2xd	+1/16	20 1/8	14 1/16	3,305	6.9
Fluor		20 1/4xd	+5/8	30 1/16	17 1/16	1,639	1.1
Ford Motor		13 3/4xd	+1/16	23 1/4	13	8,509	4.1
Gen Elect		36 5/8xd	+1/4	40 13/16	28 3/16	31,738	3.1
♥General Host		408p	-16	588p	270p	—	4.9
Gillette		28 7/16xd	+13/16	40 3/4	20 7/8	6,780	1.3
Hasbro		20	+1/4	20 7/8	790p	1,149	0.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MISCELLANEOUS - Cont.

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

‡‡Ivernia West IE	47	—	61	30	14.9	—
‡‡Kells Mints IE	40	+1	46	33	8.87	—
Kenmare	5½	—	25	5½	5.28	—
‡‡Navan Res IE n	16	—	28	15	8.87	—
Northgate Expl C$ s	45¾	−9	99	45¾	5.77	—
North West Expl A$	5	—	18	5	2.02	—
Oryx Gold $	123	—	188	82	—	—
‡‡Ovoca Gold IE	10	—	23	10	0.70	—
Plateau	14	−½	44	14	2.82	—
RTZ	508	+12	885	404	4,985	5.2
Thorco Res	4½	—	11	3¼	—	—
Vizcaya	2	−½	10	2	1.07	—
Western & Pac C$	24	+4½	152	19½	13.2	—
Young Grp	106	−1	133	105	9.90	6.5

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◊ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed, dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. i Rights issue pending. q Earnings based on preliminary figures. [illegible] yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. x Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1990. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1150 a year for each security shown, subject to the Editor's discretion.

FINANCIAL TIMES
Weekend December 14/December 15 1991

Anti-global warming measure would be equivalent to $10 on a barrel of oil by 2000

EC energy tax moves a stage closer

By David Gardner in Brussels

EC ENVIRONMENT and energy ministers yesterday gave the European Commission the green light to bring *forward legislation for an* energy tax. The first stage, to take effect in 1993, would increase the average price of petrol by 6 per cent, or by about 12p a gallon in Britain at current prices.

The tax is intended to cut carbon dioxide emissions and combat global warming and would be equivalent to $10 (£5.5) on a barrel of oil by the year 2000, having risen by $1 a *year from the initial $3 levy in* 1993. The joint council of ministers has set the target date for a decision of May next year. EC finance ministers, who in *early October gave the plan* provisional backing, will on Monday have to agree in principle to the legislation.

At yesterday's meeting, Denmark, Germany, Italy and the Benelux countries came out clearly in favour, while poorer southern countries *led by* Spain, along with Luxembourg, were concerned about how the tax burden would be divided.

The UK agreed in principle *while France wanted to tilt the* tax more towards fossil fuels, but all gave the go-ahead.

Mr Michael Heseltine, UK environment secretary, said: *"We believe that in principle it* is something we must explore." But he noted cautiously that more study was needed, saying "there are bound to be consequences from the competition viewpoint".

The new tax would be split *into two equal levies, one on* all non-renewable fuels according to energy value, the other targeted on fossil fuels graded according to carbon content.

The Commission estimates the full tax would raise prices for power stations and industry by 58 per cent for hard coal, 45 per cent for heavy fuel oil and 34 per cent for natural gas.

Households would pay 16 per cent more for light fuel oil and 14 per cent more for natural gas. Diesel prices would rise by 11 per cent.

European industry federations in the steel, chemicals, *paper, cement, oil and non-ferrous* metals sectors yesterday said the plan should be reconsidered. They said it would make Europe internationally uncompetitive and deter investment. Energy-intensive industries most worried about the tax would *initially* be exempt from it, at least until the US, Japan and other EC trading partners adopted equivalent regimes. In the *meantime, they* would be subject to voluntary fuel consumption accords.

Mr Andrew Warren of the European Association for the Conservation of Energy said yesterday's moves were "an impressive sign to the rest of *the world that the EC is genu*inely determined to beat the greenhouse effect".

No extra help for house buyers

By Ralph Atkins and David Barchard

THE Treasury is expected to block any substantial increase *in aid for hard-hit mortgage* payers as the government seeks to put pressure on building societies to reduce sharply the number of housing repossessions.

At a meeting on Monday, to be attended by Mr Norman Lamont, the chancellor, and Mr Tony Newton, social security secretary, leading mortgage lenders are likely to be told there will be no increase in *public spending.*

They will be asked what they can offer in return for the government granting their long-sought wish for legislation making it mandatory for social security cover for mortgage interest to be paid direct to *lenders. That, they believe,* would stop the money being spent in other ways.

The chief executives of the top 10 UK mortgage lenders have been invited to the meeting, as well as Mr Mark Boléat, the director general of *the Council of Mortgage Lend*ers.

Ministers believe there are several ways by which mortgage lenders could introduce *what would, in effect,* be a moratorium on repossessions. In a flat housing market it is economic sense for building societies not to turn out homeowners, they will argue.

However, the Treasury has made clear that any extra money will have to come out of the social security and environment departments' existing budgets.

Mortgage lenders are expec*ted to tell the government that* there is no chance of a direct moratorium on repossessions in cases where mortgage interest debts have been unpaid for long periods.

Home, lost home .....Page 7

Halifax, the largest UK lender, has recently set up special vetting teams inside its branch network to examine every repossession *case to see* if it can be avoided.

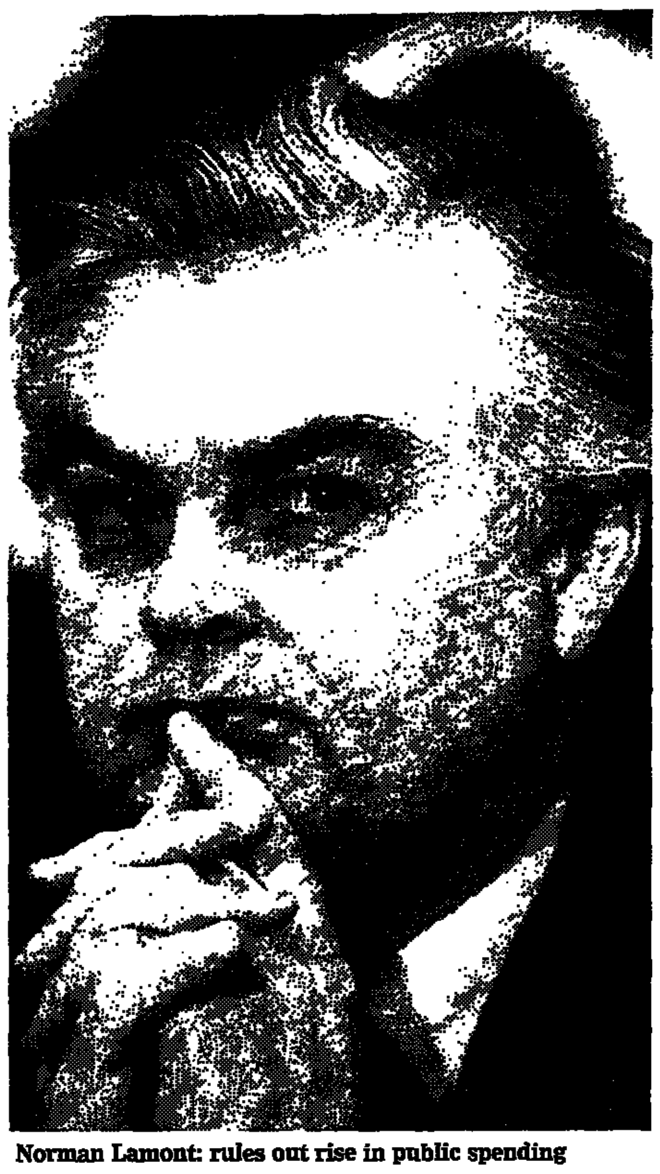
The two largest lenders, Halifax and Abbey National, both plan to launch experimental "mortgage-into-rent" schemes in the near future.

But they will warn that these schemes *will only* marginally reduce the number of repossessions, expected to run at 80,000 in both 1991 and 1992, and will not eliminate the *problem.*

The main proposals which building societies are expected to offer the government include:

- Offering to contribute to the DSS's administrative costs incurred in direct payment of benefit.
- Making special loans to housing associations to enable them to buy repossessed properties from lenders for renting to the homeless.
- Taking houses on to the books of societies so that their occupants can claim housing benefits not available to home owners.

Mr Michael Meacher, Labour's social security spokesman, said: "Once again the government is trying to side-step the issue and pass the buck to the building societies. But they are already carrying *60,000 families with mortgage* debt arrears of over 12 months, 11 times the previous maximum of 5,500 reached in 1982."



Norman Lamont: rules out rise in public spending

Inflation rise turns attention to economy

By Rachel Johnson, Economics Staff

INFLATION rose in November for the first time in more than a year to an annual rate of 4.3 per cent, partly because of *higher seasonal food prices.*

The rise in the retail prices index from October's 3.7 per cent, though predicted in the City, was at the higher end of expectations and put the state of the economy back in the spotlight following the political focus on European union and this week's Maastricht summit.

The increase suggested that October's rate, the lowest since March 1988, was the low point *in the deflationary cycle of this* recession. The last monthly rise was in September 1990.

Mr John Major, the prime minister, called the rise in *November* "a rather irrational distortion" and said it was produced by the way the figures are calculated on a year-on-year basis.

"There is no doubt in my mind that we are going to have inflation bubbling at 4 per cent between now *and April or May* and then it will begin a general decline," he told ITN's News at Ten.

Last November, the index *fell by 0.2 per cent as a result* of the impact of lower mortgage payments and petrol and oil prices.

The fact that these positive influences were lacking, combined with higher prices for food, fresh vegetables, tobacco and household goods, pushed up the index by 0.4 per cent between October and November. Widespread price-cutting by retailers, discounting and *the moving forward of January* sales to November were not enough to lower the rate of increase in the RPI for the fourteenth successive month.

Underlying inflation, which strips out mortgage interest payments, also rose. This rate increased by 5.7 per cent in November compared with the same month a year ago, after 5.5 per cent in October.

Mrs Margaret Beckett, Labour's Treasury spokeswoman, demanded an immediate general election.

"These depressing inflation figures come on top of record bankruptcies, rising unemployment and rising house repossessions," she said. The Liberal Democrats said the rise in inflation gave "the lie to Government claims that they have beaten inflation".

Details, Page 5

THE LEX COLUMN

A festive mood in London

Mr Lamont's renewed assertion yesterday that the government will not devalue when it moves to narrow bands within *the ERM* may be less significant than it looks. A move to narrow bands before an election would scarcely make sense in terms of risk and reward. The only incentive would be a cut in UK interest rates, which with sterling still below the 2.25 per cent range against the D-Mark could scarcely be guaranteed. The risk, on the other hand, is twofold: a rise in German interest rates, or a *domestic political* upset which might renew the pressure on sterling. In either case, narrow bands would simply increase the likelihood of a politically disastrous rise in UK rates.

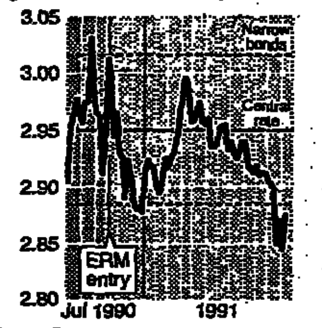
That apart, the equity market is faced with the pressing question of whether it is engaged in a year-end rally. Given the profound gloom of recent weeks, a two-day rise of *3 per cent is obviously impres*sive. Fund managers may start to ask themselves whether a market this volatile might not put on another 100 points by the year end. In that case, the temptation would be to hedge bets by committing a proportion of the fund's *cash* now, thus verifying the prediction.

All the same, it remains difficult to envisage a rally in more fundamental terms. The Maastricht effect will *doubtless* fade quickly from the public mind by comparison with the Tories' more enduring domestic difficulties. Above all, the worry for the market at present has to do with corporate earnings, which may or may not be run*ning at a level sufficient to jus*tify the level of dividend payments. It is all very well to point out that a large chunk of the market yield comes from *such* solid earners as utilities and pharmaceuticals. The fact remains that immediate corporate news concerns Christmas retail spending, which looks more depressing by the day. And if consumer spending is not going to kick-start the economy, it *scarcely sounds* as if corporate investment is ready to do so either.

FT-SE Index: 2,451.6 (+28.3)

Sterling

against the D-Mark (DM per £)



Source: Datastream

Williams/Racal

Williams' decision to increase its stake in Racal to the permitted 10 per cent looks like a gesture either of desperation or of extraordinary confidence. The move, which ties up some £77m in cash, may well be designed to emphasise that the bid is serious despite the cheese-paring appearance of last week's increase. But it has a potentially embarrassing downside if the exercise fails.

Williams would either have to sell the stake quickly – at a hefty loss since the bid premium would be gone from Racal's share price – or it *could carry the holding as an* investment. But that would also be expensive, since the shares would carry a gross yield of less than 2½ per cent on the price paid. Williams risks this outcome for what remains essentially a gamble *on the direction of the stock* market over the next week.

Despite their 24p gain to 311p over the past week, Williams' shares are not yet high enough *to mean the bid is home and* dry. Nor has its extravagant gesture apparently been enough to tip the balance, with Racal's shares slipping back last night to 5¼p below the offer's current value. Doubtless Racal would argue that Wil*liams has got value for money* whatever happens. But Williams cannot afford even to appear to believe Sir Ernest Harrison's propaganda about Racal's ability to enhance value. That would be tantamount to admitting it really was trying to buy the company on the cheap.

Japan

Yesterday's 1,042 point rise in the Nikkei index may have been the biggest in 15 months, but it would be dangerous to read much of a trend into it. The market was expected to bounce as the quarterly futures settlement deadline passed. Even so, yesterday's closing level of 22,754 still leaves the market back where it finished after the September settlement date, although it did manage to peak meanwhile at 25,222 in late October.

That at least suggests a floor in the 21,500-22,000 range, which is a relief for those worried about the impact on world financial confidence of Japanese banks being unable to *meet their capital require*ments because of falling share prices. But it also shows a market still reluctant to rise convincingly, even though by historical *standards Japanese* equities are attractive relative to bonds or to US equities. The problem is that the market is still pulled in two directions. Expectations of lower interest rates, normally a powerful positive factor, have revived. *Against that* is an unusual degree of worry about economic weakness, bad bank loans, sluggish money supply growth and a poor corporate earnings outlook. The former may push share prices higher: the latter should ensure the *rally does not get out of hand.*

David S Smith

Not many companies in the present climate could get away with a £105m share placing just eight months after a £50m rights issue, not least when their share price has underperformed the sector by more than 15 per cent in the meantime. David S Smith, however, *has the inestimable advantages* of a credible chief executive and a sound-looking destination for the money.

Acquisition targets in paper and packaging do not pop up every day on the continent, so the Kayersberg purchase must be counted something of a coup. The price is reasonable, if no giveaway: the mix of heavy-duty packaging and plastic sheeting seems attrac*tive: and the French company* is a net buyer of waste paper. This is significant, for if all goes according to plan Kayersberg ought to absorb half the extra capacity of Smith's Kemsley Mill when it comes on stream. In Smith's chief executive, Peter Williams, moreover, investors are backing a man who showed shrewd judgment in masterminding the Reedpack buy-out and is now pre*pared to put £1m of his own* money on the line.

The main worry for investors is timing. With little improvement in trading likely until next autumn at the earliest, the market is having to look ever further ahead to justify current valuations. The risk is commensurately greater. At last night's close of 299p, down 15p, the shares are on a multiple of just under 10 times earnings in 1994, assuming they have quadrupled by that time. That does not leave much margin for error.

Maxwell

Continued from Page 1

"serious misrepresentations" in the press about Mr Kevin Maxwell's position and "serious suggestions that he is not seeking to co-operate" with the provisional liquidators of Bishopsgate Investment Management, which managed most of the pension money from Maxwell companies.

Mr Carman said Mr Maxwell was anxious to help unravel the whereabouts of pension fund money as far as the matter was within his knowledge.

Yesterday's hearing followed the adjournment on Thursday of Mr Maxwell's application for more time to *comply with a court order to* disclose documents relating to BIM's dealings since October 1989. It was agreed that Mr Maxwell could have until Monday to comply.

Soviet trade credits reviewed

By Quentin Peel in Bonn

THE German government will next week reconsider its export *credit guarantee programme to* the Soviet Union, in the light of new figures suggesting that trade exposure could be double the level previously revealed.

Total trade exposure, including insured and uninsured exports and trade contracts *still in the pipeline, could total* as much as DM75bn (£26.3bn), almost double the DM38.4bn already committed.

The figures, revealed in a *special* report of the Finance Ministry to the budget committee of the Bundestag (Lower *House), show a dramatic* increase in German trade exposure over the past year, and the possibility of another rapid rise unless action is taken to limit the exposure.

But officials of the finance and economics ministries said it was highly unlikely the government would halt export credit guarantees. "We do not want to put another nail in the Soviet coffin," said a finance ministry official.

At the same time, if east German factories lost their Soviet *orders, many would have little* option but to close, compounding efforts to reconstruct the eastern economy.

Hermes, Germany's leading export credit agency, acts as agent for the government in providing trade guarantees. *The report paints a deeply pes*simistic picture of the Soviet economy, and the collapse of its external trade.

It reveals that the trade debt of the Soviet Union to Germany rose from a total of DM19.6bn in September 1990 to DM38.4bn at the end of November last year. During that period, uninsured trade increased from DM8.7bn to DM11.6bn, but Hermes-guaranteed exports soared from DM10.9bn to DM26.8bn.

The Finance Ministry *warned that Hermes cover had* been agreed "in principle" for another DM22.1bn of German exports, and a further *DM25bn* in contracts are awaiting approval. The ministry estimates perhaps one third of the latter is likely to be approved, *and therefore, including* interest payments, some DM14bn-15bn should be added to the likely exposure.

Bleak winter, Page 2

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Daimler-Benz	717	+	10
Dragerwerk	293	+	8
Porsche	535	+	15
Falls			
Colonia Knzn	860	−	20
Holzmann Ph	968	−	21
Leifheit	440	−	28
New York ($)			
Rises			
AMR	63⅝	+	1⅛
Delta	61⅞	+	⅝
Ford	25⅝	+	⅝
Gen Motors	28⅝	+	½
UAL	128	+	3¾
Falls			
Arkla Exp	10½	−	⅜
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
BIC	619	+	39
Cetelem	620	+	40
Fonc Lyonnaise	639	+	25
Geophysique	505	+	25
Falls			
Axa	730	−	8
Chargeurs	883	−	13
Tokyo (Yen)			
Rises			
Daito Wool	1450	+	190
Godo Shusei	2100	+	220
Japan Sec	1680	+	190
Nippon Carbide	798	+	88
Shimura Kako	970	+	100
Toei	861	+	90
London (Pence)			
Rises			
Bentalls	148	+	14
BP	297½	+	9½
CMW	81	+	11
Dale Elect	102	+	10
Fisons	346	+	11
GKN	303	+	12
Granada	186	+	7½
ICI	1164	+	23
Ladbroke	223	+	7
London Intl	295	+	9
Lonrho	168	+	6
Marks Spencer	292	+	7
Midland Bank	210	+	11
Wardle Storeys	354	+	15
Falls			
ASDA	32	−	2
Brown Shipley	214	−	6
Dowty	135	−	13
Lopex	34	−	6
News Corp	563	−	28
Smith (David S)	299	−	15
Stanhope Props	36	−	4
Tesco	225	−	7

Sterling

Continued from Page 1

remarks raised the prospect of *lower interest rates, higher* domestic activity and enhanced company profits.

"The feeling is building that the Tories' weekend *lead* [in the opinion polls] could stretch to 5 points, bolstering the pound and helping the case for *interest rate cuts and a spring* election," said Mr Roger Bootle, of Greenwell Montagu.

There was speculation that sterling would be moved to the narrow bands – leaving only the peseta in wide bands – either before an early election or after a *sustained* period of trading around DM2.95. After Mr Lamont's comments, sterling traded close to *DM2.8836,* the lower limit of what would be its narrow bands with a central rate of DM2.95 in the ERM.

Soviet army

Continued from Page 1

yesterday that he had every intention of being president when he greets Mr Baker on Monday.

He was quoted as saying that while the president is still hurt that the commonwealth agree*ment was signed "behind his* back", he intends to continue "constructive" work with Mr *Boris Yeltsin, the Russian pres*ident, "at least during the period of transition".

Mr Gorbachev was yesterday snubbed by Mr Nurultan Nazarbayev, the president of Kazakhstan and the unofficial leader of the five Central Asian states. Mr Nazarbayev said after a meeting in Askhabad *that "as far as Gorbachev is* concerned, it's time he stopped concerning himself with future bloodshed and great misery", a reference to Mr Gorbachev's Cassandra-like pose in recent days.

The five Central Asian presi*dents, representing states* which are heavily dependent on Russia and the Ukraine for energy and other supplies, issued a statement saying that they "declare their readiness to become equal co-founders of the Commonwealth of Independent States, taking into account the interests of all their subjects".

However, Mr Saparmurad Niyazov, the Turkmenistan *president, said that if their* claim for equal rights was not granted "then the Central Asian states would not sign the agreement on the Commonwealth of Independent States, and would find other forms".

WORLDWIDE WEATHER

Today: Frosty at first with fog patches. It will become brighter later but south-west England, south-west Wales and western Scotland will have showers later in the afternoon.

Outlook: Rain will spread across Scotland and Northern Ireland south-eastwards into Wales and the north on Monday.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Bordeaux	S	8	46	Dallas †	F	12	54	Innsbruck	S	0	32
Algiers	S	15	59	Boulogne	S	3	37	Dublin	C	7	45	Inverness	C	10	50
Amsterdam	C	3	37	Bristol	S	4	39	Dubrovnik		−	−	Isle of Man	C	8	46
Athens	C	7	45	Brussels	S	5	41	Edinburgh	C	7	45	Istanbul	F	3	37
Bahrain	S	25	77	Budapest	S	-3	27	Faro	C	14	57	Jersey	S	6	43
Barcelona	F	11	52	Buenos Aires		−	−	Florence	S	5	41	Johannesburg	S	25	77
Belfast	R	6	43	Cairo	F	13	55	Frankfurt	S	-4	25	Las Palmas	S	21	70
Belgrade	S	1	34	Cape Town	S	24	75	Geneva	C	-2	28	Leeds	C	5	41
Berlin	S	3	37	Cardiff	F	2	36	Gibraltar	C	15	59	Lisbon	S	10	50
Biarritz	F	10	50	Chicago †	S	1	34	Glasgow	C	8	46	Locarno	S	3	37
[illegible]				[illegible]				[illegible]				[illegible]			

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	R	18	64	Nairobi	F	23	73	Prague	S	-6	21	Tel Aviv	F	9	48
Madrid	C	10	50	Naples	S	10	50	Reykjavik	C	0	32	Tenerife	C	21	70
Majorca	S	14	57	Nassau		−	−	Rhodes	S	10	50	Tokyo	S	11	52
Malaga	C	15	59	Newcastle	C	8	46	Rio de Janeiro		−	−	Toronto †	C	9	48
Malta	F	14	57	New Delhi	S	22	72	Rome	S	9	48	Tunis	F	13	55
Manchester	C	4	39	New York †	R	12	54	Salzburg	S	-9	16	Valencia	R	10	50
Melbourne	F	19	66	Nice	S	10	50	S'Francisco †	S	7	45	Vancouver †	S	1	34
Mexico City		−	−	Nicosia	F	14	57	Seoul	F	3	37	Venice	S	8	46
Miami †	F	22	72	Oporto	S	13	55	Singapore	F	30	86	Vienna	S	-8	18
Milan	S	4	39	Oslo	F	2	36	Stockholm	F	7	45	Warsaw	F	0	32
[illegible]				[illegible]				[illegible]				[illegible]			

Temperatures at midday yesterday † Noon GMT temperatures C=Cloudy Dr=Drizzle F=Fair Fg=Fog H=Hail R=Rain S=Sunny Sl=Sleet Sn=Snow T=Thunder

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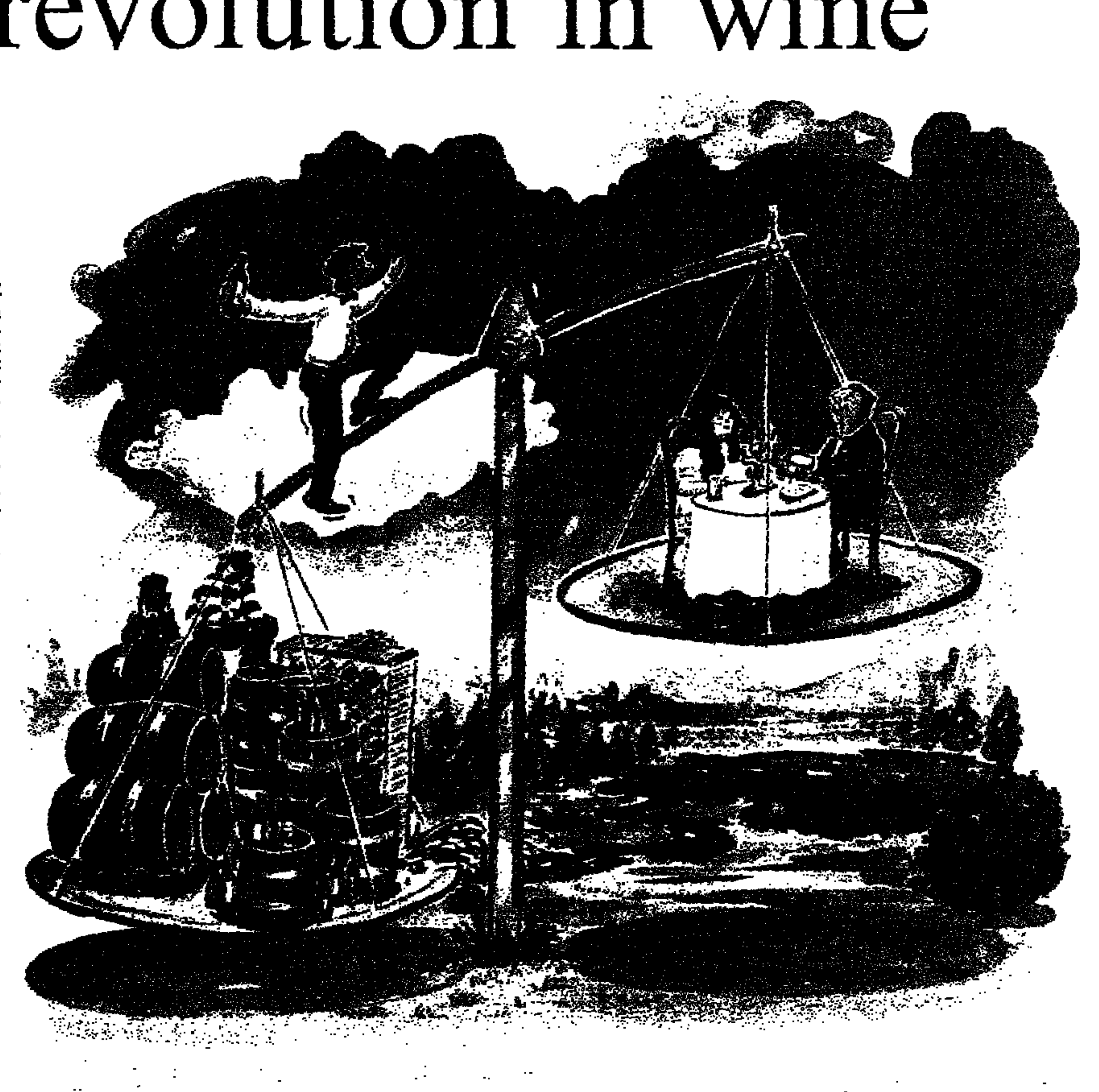
Weekend FT

SECTION II

Weekend December 14/December 15 1991

Millionaire peasants lead the revolution in wine

Drinkers have never had it so good, says ***Jancis Robinson.*** *But growers have never had it so bad*



JEAN-PAUL Amiel was born a generation too late and he knows it. At *44 he is a negociant en vin*, a bulk wine merchant of the sort which the world no longer needs. He sits in an air-conditioned but ominously quiet office next to the gloomy warehouses that constitute the family business in Trèbes, in the vinland of southern France.

In each warehouse a forest of vats stands three storeys high for blending wine *at its most basic, the vin de table* that can sell for as little as FFr2.4 (24p) a litre. Wine rarely spends more than a week here before being pumped into a road tanker and trundled off to one of the customers on Amiel's shrinking list.

The decline in his business is a symptom of a worldwide revolution in wine drinking habits: although wine has never been more valued, more widely available nor so competitive in quality, it has never been drunk less.

Since the happy-go-lucky 1960s, when Jean-Paul's father, Roger, was in charge of the business, French consumption of *vin de table* has plummeted. In those days, every Frenchman over 14 drank an average of about 2.3 litres of *vin ordinaire* every week, compared with less than a litre now. In Roger's day there were 20 *negociants en vin* in Carcassonne alone and another 30 in nearby Lézignan-Corbières. Only 17 are left in the whole of the Aude département, and Roger tells his son it is now a profession for fools.

This fall in the fortunes of producers of ordinary wine has been matched by a huge improvement in the opportunities for wine drinkers. The quality of wine generally available is unprecedentedly high, while many different forces are keeping prices down, including the prospect of more and better wine from eastern Europe and South Africa.

Wine drinkers in Britain or the US might imagine that the Amiels and their like have fallen victim to competition from the winemakers of the New World. However, the explanation for the stagnant pond at the bottom end of the wine market is much closer to Trèbes. The vineyards of southern France, now in direct competition with Italy, Spain and Greece, are producing far more table wine than could *possibly be consumed by today's increasingly* discerning consumer.

For more than a decade, the European Commission has grappled with the overproduction of its most fragmented agricul*tural sector, one dominated not just by* peasants but by militant peasants (as witness two bombings in the Midi last summer). There have been subsidies to distil wine surpluses, and financial rewards for grubbing up inferior, over-productive vine types – in effect a retirement bonus for less committed growers.

The EC wine lake remains embarrassingly deep: 2.8bn litres of surplus plonk, enough to fill the *Serpentine lake* in Hyde Park, London, more than ten times. That is more than 10 per cent of the world's entire 1990 vintage, far more than the production of the US and Australia combined.

Under the Brussels plan 2.3bn litres should have been distilled into raw alcohol last year. Abuse of this cumbersome scheme and its vine-pulling counterpart is common; in Sicily the landscape is dotted with new wineries deliberately generating huge quantities of wine for the community's alcohol lake.

Even so, all the money spent siphoning off the wine lake and tearing out vineyards cannot solve the basic problem. The world is drinking less wine every year. So, as each target for cutting production is met, it must be replaced by a lower one.

Every one of the world's six biggest wine markets – France, Italy, the US, USSR, Spain and Argentina – shrank in the 1980s or is doing so now. In France, more than half of all adults say they never drink wine, and those who do are more likely to eke out a bottle marked *Appellation Contrôlée* than to use wine as a past generation did, as an anonymous lubricant bought in quantity by the plastic cubitainer or returnable star-embossed litre. In France, and indeed the whole of the world, quality is the key. Colin Anderson of BA, a substantial wine buyer for 40 years, says: "I am still gobsmacked by the improvements in wine qualities at all levels."

Even the world's biggest producers of wine for the masses, the brothers Gallo of California, so powerful that they can manufacture not just "Hearty Burgundy" in the hot Central Valley of California but also the flagons to put it in, are planning a "cork-finished" (*sic*) 1990 estate-bottled Cabernet priced at $60 (£33.30) a bottle.

"The wine industry is no different from any other," Ernest Gallo told the *Wine Spectator* magazine last summer. "You can't stand still, because you are in competition with many other beverages, and unless we *keep on improving our products*, we can't expect them to grow."

Paradoxically, while wine is not drunk in the quantities it was in the 1970s it has never enjoyed such acclaim and respect. *Tabloids and supermarkets use it as a* short-cut to go up-market. It may be widely available, but it is still seen as smart. Someone who knows about wine is not a drinker but a connoisseur. Wine, *intriguingly elevated in this respect above* food, has joined art and antiques as an accoutrement of social ascent. Christie's and Sotheby's run courses and seminars in it, on it and expensively awash with it.

"There are certain things people feel they ought to know about," reports Lulu Grimes of Christie's Education. "Like our 'introduction to opera' and 'introduction to interpreting paintings', our six wine courses a year fill up incredibly quickly."

Connoisseurship has become an international sport. Collectors gather in flashy restaurants for the vinous equivalent of stamp swapping. There is an international forum for discussion of wine and, more important, an international scoreboard. Wine shows, journals and newsletters can make or break the reputation of a wine or a producer.

In the US, the publication of each issue of *The Wine Advocate*, a newsletter from marathon taster Robert Parker, is followed by a flurry of faxes around the world as merchants and collectors fight over wines to which he has awarded more than 90 points out of 100. Those scoring less than 80 become practically unsaleable in the US.

In a contracting market in which consumers are becoming ever more sophisticated and informed, it is hardly surprising that wine tastes so good. But the rise in wine quality at all levels would have happened even if wine writing (including the wilder, oakier, more blackcurranty shores of winespeak) were outlawed.

The modern revolution in wine-making began in California. The renaissance of West Coast wine in the west sent waves of panic through the vineyards of France in the early 1980s, especially when the dollar was weak. It was the best thing that could have happened to French wine. Although the French wine industry was investing in training and technology, each time a California Cabernet Sauvignon "beat" the first growth bordeaux on which it had been modelled it hastened improvements.

Innovations in the vineyard are still catching up with those in the cellar (a heat exchanger can be installed within days, vines take three years before they even produce a decent crop and are expected to earn their keep for 30 years or so) but they, too, reflect a level of international communication that was unthinkable even 20 years ago.

Today, wine producers with serious ambitions explore both new and old world techniques. The old world concentrates on extracting from densely planted vines the maximum expression of a particular site. In the new world – and especially New Zealand and Australia – the emphasis is on making a technically perfect example of a certain grape variety. But distinctions between old and new worlds are being blurred – a nightmare for "blind tasters" – *so that the most marked difference* between the two wine cultures is the time allowed for lunch.

Really ambitious winemakers can make their mark on two vintages a year, one in each hemisphere. This may explain why Australia's influence on the world's wines seems out of proportion to its production of less than 2 per cent of them. A near obsession with technical probity is spreading slowly but surely from the tasting benches of South Australia around Europe and beyond as more and more Australian-trained winemakers infiltrate cellars smellier than they are used to. ("Dirty French wine", cry Australian wine tasters).

For once it is not the consumer who is paying for this dramatic improvement in quality. The relative price of wine has been remarkably stable throughout this transformation. One factor has been Millionaire Peasant Syndrome, where financially successful and otherwise intelligent individuals choose to write off part of their *fortune scratching dirt and producing* wine. It began in California, where the explosion of new wineries in the 1960s was almost entirely due to romance, the fashionably bucolic aura that still surrounds a commodity whose total production and marketing can be controlled by one person – as well as to helpful tax structures and rising property values (these people are not idiots). Now, in spite of the problems of over-supply, the syndrome has broken out in Europe. The head of Cartier regards his showpiece wine farm in Cahors as his spiritual home, for example.

During the 1980s, France's smartest vineyards, mostly in Bordeaux, were also raided by the banks, the insurance companies and, to a lesser extent, by foreigners. Companies such as Axa and Suntory have invested in replanting vineyards and *extending and re-equipping cellars*. Vineyards have become more productive, thanks to sprays and fertilisers (vine-growing is considerably less ecologically sound than its image suggests). There will doubtless be *some unbundling when corporate* finance directors remain unmoved by the glamour of wine. But there should be no shortage of rich buyers with dreams of a 100-point vintage.

We *consumers* are the *beneficiaries of* all this competitive dedication. Each vintage seems to bring new entrants in the race to produce the best wine in the world, and those near the winning post seem prepared to make ever more sacrifices.

There is every indication that wine will go on tasting better as improvements are refined and continue to filter down the ranks. What a first growth château did this year may be adopted in the new world next year and in the lesser French regions the year after. The only serious question hangs over the price, particularly in California where prices ought to come down, but where the widespread phylloxera louse that decimated European wine production in the last century will have to be paid for.

Many of those not prepared to play the new quality-driven game are dying off. Jean-Paul Amiel has bought a 20-hectare wine farm up in the hills of the nearby Minervois appellation. Its annual produce would hardly fill two of his blending vats but his Domaine Lecugne, proudly carrying his own name, gives him inordinate pleasure. There is only one problem with this wine. "Do you have any suggestions as to who might buy it?" he asked.

WHY WINE IS NOW SO MUCH BETTER

1960s – application of the second, "malolactic" fermentation making softer, earlier maturing reds.
1970s – introduction of vineyard sprays against rot and disease, temperature control during *fermentation to keep flavour in and* combat early wine demise, stainless steel to improve hygiene and gentler presses to diminish astringency.
1980s – Gradual mastery of oak casks, discarding of substandard grapes, selling off of substandard wines and bottling of lesser wine under a second or even third label, greater understanding of ripeness and improved harvesting techniques resulting in richer, less acid wines, location of ideal sites for specific grape varieties in the new world and greater understanding that it is the vine and not the winemaker that determines quality.

CONTENTS

The Long View/**Barry Riley**

Sugaring the pill in 1991

BUY ON the bullets, sell in September, turned out to be the right backward-looking strategy for the UK equity investor in 1991. But economically it will be remembered as the year of the recovery that never was. Britain started to wake up to what a sound currency might mean.

A year ago I was positive about the prospects for the stock market, arguing that stock markets enjoy some of their richest pickings in recession years. In *fact, for much of 1991 I have been wor*ried that I might have been too cautious in suggesting that the main indices would be no more than "somewhat higher" in another 12 months. Indeed, *at the peak in early September, the* All-Share Index was showing a 24 per cent gain on its end-1990 level. There was a straight 30 per cent advance from the low reached in mid-January on the eve of *the Gulf War*.

But the autumn has proved to be disappointing and the sharp profits recovery built into the market's valuation basis has shown no signs of materialising. *The economic recovery* predicted by the Treasury – for after the middle of the year, and then before the end of the year – may have to depend on the rather frostbitten green shoots of spring. This leaves the All-Share gain cut back by nearly half, despite the jump in the past couple of days.

The year began with John Major settling in at Number Ten Downing Street, and the British economy beginning to adapt to full membership of the European Monetary System. The *big political attraction of the EMS had* been its potential honeymoon effects, and these duly materialised, with short-term interest rates coming down in seven half-point steps from 14 to 10½ per cent between February and September, and inflation tumbling from almost 10 per cent a year ago to 4.3 per cent on the latest reading published yesterday.

But the tragedy for Major was his inability to capitalise on this at the polls. The gamble with entering the exchange rate mechanism was that the honeymoon would last between six and 12 months, but that subsequently the choices would lie between a vicious economic squeeze and a devaluation. When John Major passed up his June option he may have sealed his government's fate.

This autumn the obedient Treasury black box has been duly disgorging predictions of recovery, but the computer does not seem to have been programmed to respond to the disasters in the monetary sector.

At least the dangerous growth in the broad money stock has slowed: two years ago it was 18 per cent year-on-year, 12 per cent a year ago and now 6 per cent. But this still leaves bank and building society sterling lending at a surely unsustainable £600bn. Almost half of this debt is owed *by home buyers, and arrears and* repossessions are mounting fast. As for corporate lending, there are new shock headlines almost every day.

Such over-indebtedness has been successfully unwound in previous recessions, but largely through inflation. In 1975, for example, the real borrowing cost for a *home buyer was something like minus* 15 per cent, but as we move into 1992 it could be about plus 7 per cent for a borrower who is over the £30,000 mortgage interest tax relief limit. The government has not understood how the pressure points within the British economy have changed. Now, debt can only be reduced through repayment or default.

Since September the problems have become more evident. The downward drift of interest rates has been halted by the need to preserve a risk premium *over high German rates, although* American short rates have continued to fall. A strong prospective rise in UK government borrowing has been confirmed, so that interest rates on long-dated gilt-edged have tended to rise. Still, over the year gilt yields have fallen from 10.6 to about 9.5 per cent, and the total gross return on gilts at some 21 per cent has been a little more than on equities (another sign of how the ground rules have changed).

Within the equity market, too, there have been awkward trends, notably the ballooning of the health and household sector because of the enthusiastic *international search for recession-proof* growth stocks. Glaxo and Wellcome have doubled this year, and they now jointly represent more than 6 per cent of the All-Share market capitalisation. A fund manager who did not hold these two stocks has – other things being equal – underperformed by 2½ per cent during 1991. This may not sound all that much, but it is the equivalent of being left for dead.

Certainly it has been a wretched year for unit trust performance. Most of the UK funds which track the All-Share Index have achieved top quartile performance – that is, the computers have left most of the human *managers far behind. As for pension* funds, they have probably benefited from their overseas equities (the world ex UK index is up 17 per cent) but their overwhelming exposure to equities (90 *per cent in many cases) is causing some* head-scratching.

The market leader Mercury Asset Management plunged into bonds early in the year, and though it initially *seemed to have got its timing wrong* the decision should have paid off more recently. Other managers are watching and worrying, but most follow the consensus, and the consensus only *shifts very gradually*.

It has therefore been a year of transition, but as this week's histrionics at Maastricht have shown, the transition is far from being over. The British government still hankers after its inflation option, perhaps because it feels that there is no other way to help dig the British banking system out of *its hole*.

Certainly the banks and building societies have found themselves at the focus of trouble this year. The clearing banks thought they had written off their problems in 1990, but now discover that bad debts in 1991 could be even worse. The building societies found that the impossible happened, and house prices began to fall in nominal terms.

Maybe it is appropriate that in 1991 the makers of ulcer tablets have come out on top.

FINANCE AND THE FAMILY

London Markets

Isolation can be splendid

THE RIGHT to run for mayor of Clochemerle is inalienably conferred upon every citizen of the new Europe by the small print of the political union treaty agreed this week. After the Single Market, we can welcome the Single Pork Barrel.

With every citizen of the Union allowed to run for local office in any member country, a new era of carpet-bagging stretches ahead.

On balance, of course, this is not the most important effect of the Maastricht deliberations. But following the Law of Unforeseen Consequence (which states that the potential bad effects of any action will be quicker, more certain and more prominent than the good ones) we can be sure that this effect will arrive more speedily than achievement of the task laid down for the new treaty.

This task – promoting throughout the Community the "harmonious and balanced development of economic activities, sustainable and non-inflationary growth respecting the environment, a high degree of economic performance . . . and economic and social cohesion and solidarity between Member States" – might seem daunting.

The performance of UK equities in the days after the treaty was agreed, however, implies that it is one short step from Maastricht to the millenium. After languishing below 2,400 for much of the past week, the FT-SE index jumped 43.1 points on Thursday, to close at 2423.3, and closed on Friday up another 28.2 points, at 2451.6, a rise of 62.9 on the week. Gilt yields have dropped roughly an eight of a point in the past week, with the long bond yield now well under 9½ per cent.

The markets were not so much celebrating the substance of what was agreed in Maastricht, of course, as the manner of its achievement: one that reflected enough credit on John Major to permit hopes of a general election victory by the Conservatives next year.

Hence the contrast between UK newspaper headlines stressing victory for Major and those in other countries which mostly said something like "Brouillard en Manche, Britanniques isolés". And hence the contrast between the scale of the rally in London and the rather subdued reaction (of equities, at least) in other European markets.

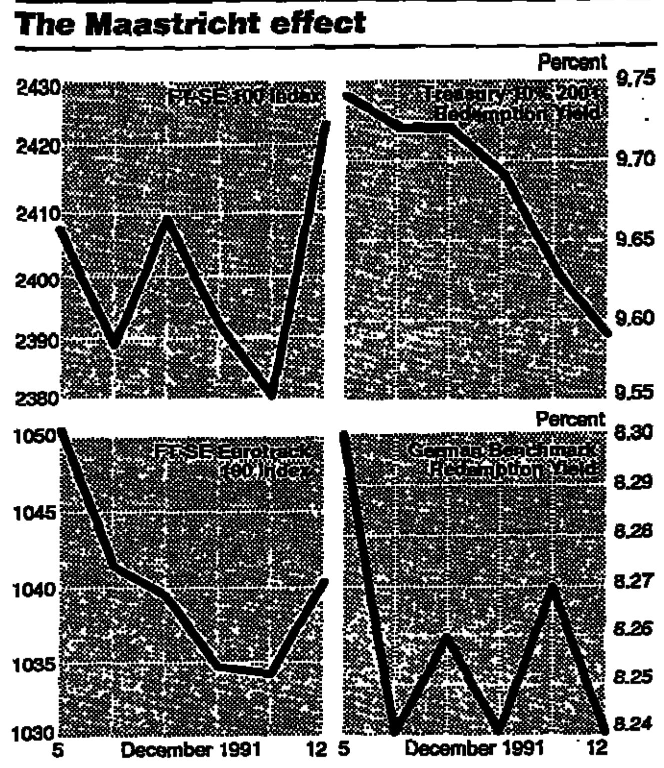
There were other factors at work in the UK recovery, of course: the clear indication that the market was undervalued from such indicators as a 5 per cent yield on the FT-Actuaries All-Share index, meant that the market was likely to rally briskly on the first bit of good news. Strong performances in New York and Tokyo helped. And technical analysts were predicting a bounce back in London from the low levels of mid-week. Yet the underlying uncertainties – about when the economic recovery would really be confirmed and how strong it would prove to be – remain.

Norman Lamont's announcement on Friday that when sterling enters the narrow bands of the ERM, it will do so on the current central parity of DM 2.95 underlined the narrow tightrope on which government policy – and the markets – are walking. By ruling out a downwards adjustment of the pound when entering the narrow bands, he helped sterling to build on the revival that had followed Maastricht. The pound immediately jumped from DM2.86 to DM2.88, with some dealers saying it would soon be back above DM 2.90.

Yet though sterling may now be able to shrug off any raising of German interest rates when the Bundesbank meets next week, the depressing influence on UK economic activity and corporate profits of the monetary squeeze on the continent continues. Friday alone brought news of a restrictive monetary policy for 1992 in Switzerland, despite that economy's lengthy recession, and an edging up of official interest rates in the Netherlands.

It would not take much more uncertainty in the next few months – such as a rancorous debate in Germany on ratification of the Maastricht treaty, raising the possibility that Emu might never happen at all – to tip the balance between greed and fear decisively in the coward's direction. On such occasions, traditional measures of stock market valuation are forgotten – for the moment.

The Maastricht effect



Source: Datastream

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There were a number of abrupt moves among individual shares. On Tuesday, Redland made a hostile takeover bid for the building materials group Steetley, in an attempt to frustrate Steetley's planned joint venture with Tarmac. Steetley shares, which had been trading around 250p last month, rose 62p on the day of Redland's announcement. By Friday's close the offer (0.85 Redland share for every one of Steetley's, with part-cash alternative) valued Steetley shares at 368p; the market was valuing them at 344p, a rise of 89p on the week.

On Wednesday, Fisons shares fell 47p to 330p, reflecting market unhappiness with delays in US authorisation for two of its drugs. Dismay at the news was tempered by the thought that this might make the company more attractive to predators. The shares closed the week at 346p, down 26p.

As Lasmo headed for the closing days of its attempt to take over Ultramar, its shares recovered from their lows. Before the bid started, with Lasmo shares at 315p and Ultramar shares at 277p, the market valued Lasmo at 12 per cent more than its target. By Thursday evening, the new daily market capitalisation figures in the FT revealed that the market now valued both companies at less than it had before – but Lasmo was the clear loser, since Ultramar was now worth 7 per cent more than its would-be acquirer. The closing date for the bid is Wednesday, with Lasmo's success less certain than at the outset. Ultramar closed the week at 256p, down 15½p; Lasmo at 253p, unchanged.

Peter Martin

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2451.6	+62.9	2679.6	2054.8	Maastrict accord
Albert Fisher	70	-10	135	57	*Bear raids*
Baird (William)	204	-17	274	194	Profits warning
British Gas	254	+16	294½	218	BZW/Strauss Turnbull buy recmdtn.
British Telecom	330½	-11½	423½	268	Flotation of BT "new" disappoints
Cable & Wireless	575	+37	601	429	Mercury flotation speculation
Fisons	346	-26	515	311	Profits warning
Forte	226	-12	302	206	Recent downgrades
GEC	194½	+16½	222	166	BZW/Warburg buy recommendation
Lec Refrigeration	305	+47	330	253	*Founder's death prompts bid spec.*
London Electricity	265	+34	295	206	High yield/Tory election hopes
Shandwick	45	-80	145	42	Loss forecast from company
Steetley	344	+89	424	252	Redland launches bid
Tarmac	130	+13	283	115	Threat to Steetley deal
United Newspapers	347	-21	418	278	Analyst's cut in profit forecast

Serious Money

Maastricht and the private investor

By Philip Coggan, Personal Finance Editor

WHAT SHOULD the private investor think about the Maastricht deal? At first sight, the wrangling over the social chapter, the opt-out clause and the F-word might seem remote, theoretical disputes.

But those interested in long-term investment should carefully consider the implications of closer union and a single currency. Logic suggests that this must be an argument for increasing the proportion of European equities in private investor portfolios.

The case is simply put. As the UK and European economies grow closer together, and as foreign exchange risk is eliminated by the adoption of a single currency, then UK and European shares should become virtually interchangeable.

The traditional concentration of portfolios on UK equities would make as much sense in those circumstances as, say, a Kentishman investing primarily in companies from the hop county.

Another way of making the same point is to remember that saving is not done for its own sake, but as a way of affording future spending. Saving patterns should therefore relate to the goods that consumers will eventually buy, such as BMWs or bottles of Chanel No 5. British trade with Europe is growing very year; logically, the proportion of European-based savings should rise in step.

Supposing one reallocated the current UK equity portfolio between British and European shares merely on the basis of the size (in terms of capitalisation) of the equity market concerned?

According to Paul Woolley of the fund management company GMO Woolley, that would result in a split of 46.5 per cent UK and 53.5 per cent Europe, if the latter was restricted to EC countries only. If Europe was defined in its widest sense, then the split would be 42.5 per cent UK and 57.5 per cent Europe.

As far as I know, there are no statistics kept on the breakdown of private investor portfolios. But I suspect that most people, for quite sensible reasons, keep the bulk of their holdings in the UK. It is far easier for investors to keep track of UK companies, and there is of course no currency risk.

A portfolio which gave a greater weight to Europe than to the UK would therefore involve quite a shift for most people. Of course, a single currency is unlikely to occur until 1999, if then. So private investors only need to consider a long-term shift towards Europe in the balance of their portfolios.

News on PEPS may persuade UK investors to be less insular

There are some practical difficulties in European investment, however. Investors interested in income will find that there is a tradition of lower dividend yields on the Continent. Shares will have to be held via a bank who will arrange for the safe-keeping of the bearer securities, collection of dividends, and the reclaim of withholding tax. There will inevitably be a fee for this service.

Some of these difficulties can be avoided, however, if a UK investor opts for a collective fund specialising in the area. There are some 128 unit trusts and 19 investment trusts concentrating on Europe.

It is only comparatively recently that Europe has become a fashionable investment area, so only 10 unit trusts have a record stretching back 10 years. But among the 75 with a five-year record, it is possible to find a few funds with a consistently good record. Four trusts – Baring European Growth, Henderson European Income, Lazards European Growth, and Scottish Widows European – are in the top 25 per cent of performers over one, three and five years, according to Micropal.

Among investment trusts, the two that stand out for having a consistent record over one, three and five years are Continental Assets (managed by Ivory & Sime) and Second Market (which invests in the French equivalent of the USM). Honourable mention should also be given, however, to Fleming Universal and F&C Eurotrust, which have good long term records but have slipped below average over the last year.

Equities are not the only investment category where European union might have an impact. If a single currency is introduced, then logically the yields on government bond yields should converge to the same level (with some differences according to credit risk).

Since bond yields and prices are inversely correlated, that implies there is an advantage in buying high yielding European government bonds, such as those from Spain and Italy.

However, it can be difficult for private investors to deal directly in bonds unless they have very large portfolios. It is possible, of course, to buy an international bond fund, but to date there are no specifically European bond unit trusts onshore. Guinness Flight offers an offshore European bond fund, based in Guernsey.

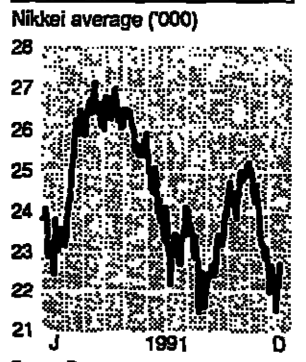
It seems, likely, however that as EC integration increases, it will be easier and easier for private investors to buy European-based products. After a long delay, the Inland Revenue finally published its regulations this week on the new European PEPs.

From January 1, PEPs will qualify for full tax privileges, if 50 per cent of the assets are in the EC. Previously, 50 per cent had to be held in the UK alone. It is small beer compared with the news from Maastricht, but it might just help UK investors abandon their insularity.

AT A GLANCE

Japan

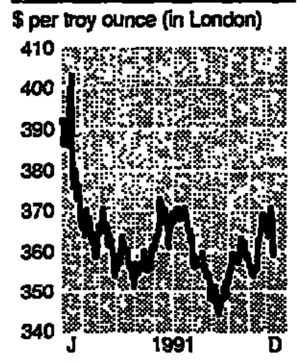
Nikkei average ('000)



Source: Datastream

Gold price

$ per troy ounce (in London)



Source: Datastream

Nikkei jump defies trend

The Nikkei 225 Index rose 1,042 points in Tokyo yesterday, the eight largest one-day rise. The jump, which was largely attributed to technical reasons associated with the futures market, came in the same week as the market touched a low for the year. A sharp decline in business confidence, allied to fears about financial and property market instabilities, had helped force down share prices.

Gold shows signs of recovery

The gold price is doing well – on Monday it closed at $370.70 per Troy ounce, its highest level for six months. A high gold price is usually taken as a sign of pessimism and uncertainty about other markets, as dealers rush for the relative security of precious metal.

However, this time the market seems to be recovering without a heavy push from consumer demand. Several analysts have very bullish forecasts, but not, perhaps, for the healthiest of reasons. For example, some brokers think that producers are reluctant to sell because this might dampen the current recovery. Also Roger Chaplin, of Credit Lyonnais Laing, points out that the gold price is close to a 14 year low, in 1991 price terms, after inflation has been taken into account.

BES scheme is relaunched

One of the most popular Business Expansion Scheme issues of last year is trying to raise another £5m from investors. Patriot Assured Tenancies, which bought residential homes with an agreement from the Royal British Legion Housing Association to buy them back after five years, raised £10m during the last tax year. Patriot III is now aiming for another £5m.

The company will buy housing, which the RBLHA will then buy back after five years at a price of £1.44 for every £1.00 spent today. Once top rate BES tax relief is taken into account, this scheme offers a return equivalent to 19.14 per cent per annum. The risk with these schemes is low, but bear in mind that there is no third party guarantor. If for any reason the RBLHA was unable to meet the price in five years' time, the investment might run into trouble.

How to hold more National Savings

Investors can increase their holdings of National Savings certificates, according to a newsletter, The IRS Report, published today. The limit on the 36th issue and the 5th index-linked issue is normally £10,000 per issue (excluding reinvested certificates). But husband and wife can each hold the maximum £10,000 worth of certificates in trust for each other, and indeed issues can also be held in trust for children. The 36th issue pays 8.5 per cent if held for 5 years, equal to 14.17 per cent for a higher rate taxpayer.

Bullish view on smaller companies

Hoare Govett takes a bullish view of the prospects for small company shares in its winter research bulletin. Assuming the general election is held on May 7 next year, Hoare Govett believes its smaller companies index will rise 30 per cent by polling day. In the week to December 5, however, the index (capital gains version) fell 1.1 per cent to 1170.65 while the County Smaller Companies Index fell 1.3 per cent to 944.54 over the same period.

Wall Street

Bush fails to illuminate the US Christmas

ON THURSDAY George Bush attended the official lighting of the nation's Christmas tree on the White House lawn. It should have been a welcome break from politics for the increasingly embattled President.

When the big moment arrived, however, the button was pressed but no lights came on. As glitches go it was relatively minor, but it proved suitably symbolic. For a President who once spoke of inspiring "a thousand points of light," the simple job of illuminating a tree now proves beyond his powers.

The economy, meanwhile, stumbles along in the dark. While the White House battles with Congress over a tax-cutting package, American companies continue to respond to the straitened times in a most unseasonal fashion.

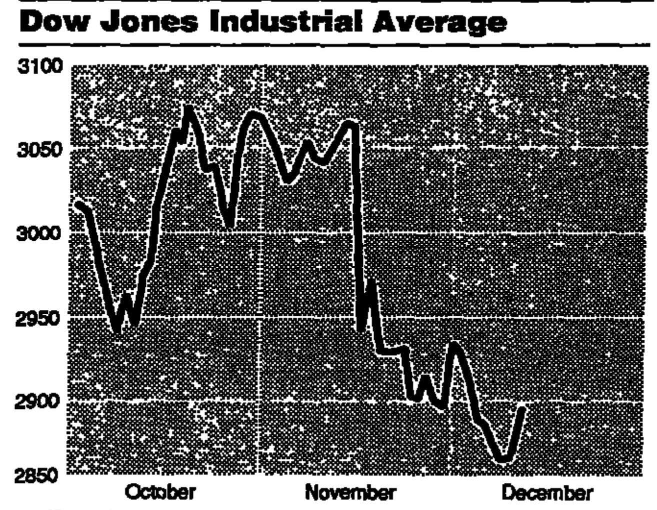
They used to say proudly here that employers were especially sensitive to the welfare of their workers at Christmas. Not any more. According to the *Wall Street Journal*, in the last ten weeks corporate staff cuts have been announced at the pace of 2,600 a day.

In this past week alone, three blue-chip US corporations announced plans for major job cuts. TRW the automotive, space and information services group, will shed 14,000 staff. General Motors, the biggest car manufacturer, accelerated moves to cut 20,000 white-collar jobs. Xerox, the document processing group, said 2,500 employees would be laid off within the next six months.

If the reality were not bad enough, the threat of yet more job losses continues to hang heavily in the air. Caterpillar, the world's largest manufacturer of earth-moving equipment, said it would probably close a big Pennsylvania plant, and slim its operations in Brazil. More than 8,000 employees at the company are already out of work because of industrial action, a lock-out and lay-offs this year.

IBM, the bluest chip of all, which has already unveiled a plan to trim its payrolls by 20,000 jobs next year, went one step further this week. It warned analysts that if earnings have not significantly improved by the middle of next year, IBM's long-established and much-admired policy of avoiding compulsory redundancies may have to be abandoned.

Dow Jones Industrial Average



It is no surprise, therefore, that recent opinion polls show fear of unemployment as the greatest single constraint on consumer spending. Against a background of fast shrinking payrolls, interest rate cuts are proving ineffective in persuading consumers to spend and companies to invest.

This is bad news for the stock market, and helps explain why heightened expectations in recent days of an imminent Federal Reserve easing in monetary policy failed to lift investor sentiment.

Yet amid all the write-offs, job losses and unlit Christmas trees this week, the market did manage to claw back some lost ground. The fuel for Thursday and Friday's advances was more technical, than fundamental, however.

A slightly better-than-expected report of November retail sales and a fall in weekly jobless claims offered little cheer. The former did nothing to dent the weak long-term trend, and the latter was distorted by the Thanksgiving Holiday.

The gains in the last two days were more a reflection of investors looking for a new floor for the market, and finding it. Between the 40-point rise on December 2 and this Thursday's 30-point gain, stocks retreated steadily as dealers marked prices down in search of buyers and investors stayed on the sidelines awaiting the appearance of a natural support level.

That support level now seems to have been established at 2,850 on the Dow. Several times on Wednesday the index dropped below 2,850, but on each occasion buyers materialised to prop it up. As one analyst put it at the end of a hectic see-saw session: "in the very short term, the path of least resistance is up."

Among the ups and downs of the week, there were some genuine successes. Shares in UAL, one of the big three domestic airlines, rose almost 10 per cent on hopes that the Latin American routes recently bought from bankrupt Pan Am will bring UAL's ambitious global route jigsaw that much nearer to completion.

The most eye-catching performance of the past few days, however, was probably that of tiny Videocart. The stock jumped more than 30 per cent on the news that Wal-Mart, the country's biggest retailer, will expand its use of Videocart's chief product, a hi-tech video display attached to shopping trolleys that electronically communicates merchandising information to customers as they wheel their way around supermarket aisles.

These ingenious devices might just prove the answer to the economy's central problem – depressed consumer spending. On the grounds of national interest, President Bush could order Videocart to programme its displays to flash every ten seconds the subliminal message "Spend, spend, spend."

Monday	2871.65	– 14.75
Tuesday	2863.82	– 7.83
Wednesday	2865.38	+ 1.56
Thursday	2895.13	+ 29.75

Patrick Harverson

The Bottom Line

Protocol settles question of equal pensions

THE QUESTION of retrospective provision of equal pensions for men and women has been neatly settled at the Maastricht summit by a protocol to the Treaty of Rome. Thus, an unexpected political solution has pre-empted a legal judgment expected from the European Court next July that could have cost British industry up to £50bn.

In hearing a group of cases involving British, German and Dutch employers, the Court was to be asked to decide how much backdated pension male retirees were entitled to receive.

Those cases follow the landmark Barber v Guardian Royal Exchange case decided on May 17 1990. In this case, the European Court ruled that employers may not pay men and women on a different basis and that pension is properly part of pay. This meant that the widespread practice of allowing women to retire at the age of 60 on full pension while requiring men to wait until 65, is judged to discriminate unfairly against men.

The question which exercised European employers – which in most countries offer lower retirement ages to women – is, if unequal pensions were unfair on May 17 1990, why were they fair for any period before that? And if they were unfair for some period before that, how much before? At Maastricht, EC states agreed that pensionable service must be equalised only after the date of the Barber judgment.

This means that a 45-year-old man, with 20 years of pensionable service on May 17 1990, might receive one rate of pension for those years and a higher rate for service thereafter. However, if the employer decides to equalise pensions by cutting benefits for women – in the form of a higher retirement age – the man would not qualify for enhanced benefits.

A recent survey by the Confederation of British Industry found that 84 per cent of those employers who have equalised retirement ages since the Barber judgment have indeed raised the threshold for women.

Thus, many of those men who might have expected to receive better benefits as a result of the Barber judgment are likely to be disappointed following the Maastricht agreement.

'Eighty-four per cent of employers who have equalised retirement ages have raised the threshold for women'

But several questions remain unanswered. The Court had been preparing to hear a case brought by the pension fund trustees of the now defunct Coloroll – a case that raised so many different questions about pension equality that the UK government decided to pay the legal cost of presenting it.

John Cunliffe, partner at McKenna and Co, who is representing the Coloroll trustees, said the Court will proceed with the case anyway, because it raises several issues not settled by the protocol.

Most significantly, the Court will be asked to decide how employers must equalise pension benefits when men and women receive lump sum retirement benefits, either through so-called money purchase schemes or by converting a portion of a final salary scheme to a lump sum.

Ron Spill, pensions controller at Legal and General, explained that because actuaries make different assumptions about the life expectancy of men and women, annuities purchased at the same age for the same lump sum will result in different monthly payments.

For instance, a man retiring at 65 with a final annual salary of £12,000 will, in most occupational pension schemes, be allowed to convert a portion of that into a tax-free lump sum. Typically, he will be allowed to convert 3/80ths for each year of service, so that after 40 years of service, he will receive 1.5 times his annual salary, or a lump sum of £18,000. That can be invested in an annuity, while his final salary pension – initially set at ⅔ of £12,000 – will be reduced by £2,000 per year.

However, a woman retiring at the same age with the same terms will need to give up only £1,800 of her final salary pension because her actual retirement age was 60. However, had she invested the same £18,000 lump sum in an annuity, she would have received lower monthly income than a man because the insurance company assumes she will live three-four years longer.

Because the Barber judgment applies only to employers' obligations to their workers, the European Court cannot address the question of whether sex-linked annuities are legal. But the question the Coloroll trustees would like the European Court to answer is whether employers must provide higher lump sums to women to enable them to earn the same monthly investment income as men. On the other hand if they provide more money to women, would that not be a form of discrimination?

Cunliffe notes that the US Supreme Court has ruled that sex-linked annuities violate the equal protection clauses of the Constitution. Even though actuarial tables show women live longer, there is no reason to assume that any particular woman will live any longer than any particular man. Cunliffe said it is likely that the European Court will take a similar view when it hears the Coloroll case.

Norma Cohen

A game of two halves

***Philip Coggan** reviews the stock market leaders and laggards of 1991*

FOOTBALL commentators, who never use one cliché where two will do, would know how to describe the stock markets of 1991. It was a year of two halves.

During the first part share prices were buoyant, initially because of the quick and victorious resolution of the Gulf war, and then at the prospect of an early end to the recession. The FT-SE 100 Index *reached all-time high of 2,679.6* on September 2.

Then gloom set in, as investors began to realise both that the recession was lasting longer than had been expected, and that the rebound might not be that marked. Share prices drifted downwards, with an extra kick from a 120-point plunge in one day on Wall Street in November.

Overall, the year has been *positive for shares; by Thursday's* close, the FT-SE 100 Index was up 13.1 per cent since January 1 and the FT-A All-Share was 12.8 per cent higher. Add in a 5 per cent yield, and an investor who matched the index could have expected a 17 to 18 per cent return this year, comfortably higher than that from building societies.

If one takes a longer view, however, all that happened in 1991 was that the losses of 1990 were recouped. In other words, share prices have gone nowhere for two years.

Such considerations will not bother those who picked Airtours, the top-performing share of the year. The holiday group quadrupled its profits in what was otherwise not too good a year for travel companies, because of the demise of one of its main rivals, Harry Goodman's *ILG. Shareholders in the* company did even better: they more than quintupled their money.

Indeed, the profits for those who picked the right stocks this year were far higher than they were in 1990. The tenth highest stock in both the FT-SE and the small company lists would have topped the rankings last year.

With a noticeable pick-up in *bid activity, and a substantial* number of rights issues, the market was tentatively returning to some semblance of pre-Black Monday normality.

The problem for the private investor was stock selection. There were still any number of companies with too much debt and too little scope for profit; in consequence, investors were ready to pay a high price for shares that were deemed to be "immune" from recession.

The sector to back was health & household, the stock market's quaint name for pharmaceuticals. Wellcome and Glaxo, two of the giants in the sector, were the top performing Footsie stocks.

Both companies have benefited from the fact that demand for healthcare is insensitive to a recession and from the perception that an ageing population promises a long term uptrend for pharmaceuticals spending. Glaxo had already been one of the top-performing shares in the 1980s; Wellcome, in contrast, was the fourth worst performing FT-SE stock of 1990. Wellcome's profits growth has been spurred by the anti-viral drug Zovirax but it is enthusiasm for anti-Aids *drug Retrovir that has put the* shares on a high rating.

Another company to benefit from the growth tag in 1991 was Rentokil, which joined Footsie this year. The company produced 25 per cent earnings per share growth, thanks both to its environmental services division and its international spread.

Inchcape, a further Footsie new boy, also owed part of its *share price strength to its* spread of businesses. Even a £376m rights issue this week to buy car importer & distributor Tozer, Kemsley & Millbourn has failed to dent the share price's progress.

Two Footsie gainers are successful examples of demergers. Courtaulds shed its textiles arm in March 1990; Vodafone fully demerged from Racal Electronics (currently the subject of a bid) this year. Each seem to illustrate that the parts can be worth more than the whole.

Despite these success stories, there were plenty of chances for investors to lose money in 1991. And although the tables of losers are depressing enough, they only refer to those companies whose shares are still trading. They do not include those groups where dealing in shares is suspended; in many cases, a return to trading is unlikely and the loss will be 100 per cent.

Backing shares in the FT-SE 100, on the grounds that they were "blue chips" proved no guarantee of safety, as investors in Maxwell Communications now know to their cost.

The worst performing sectors were the "cyclical" industries which have been hard hit by the recession – such as metals and metal forming and engineering-aerospace. Representatives of those sectors, British Steel and British Aerospace duly appear in the Footsie laggards lists.

Heading the losers was supermarket group Asda, struggled this year with the impact of recession, heavy borrowings and fierce competition from rivals such as Tesco and J Sainsbury. John Hardman, chairman and chief executive, departed and the company needed a £357m rights issue to restore the health of its balance sheet. The share price decline has been so substantial that Asda is now dropping out of the index.

Tarmac's problems will be no surprise to homeowners. Britain's biggest housebuilder announced this month that the conditions in the residential property market had even deteriorated since September; profits, already hard hit by the recession, will take a further knock.

The insurance industry is at the low point of its cycle with most big companies reporting losses. Price competition and increasing crime and storm-related claims had already weakened the sector; this year, a new worry has emerged, the cost of meeting claims on mortgage indemnity policies. It is unsurprising, then, to see two insurance companies among the Footsie laggards list.

The small companies laggards list, as usual is a sad example of the triumph of experience over hope. Willaire was one of the first companies to float on the Unlisted Securities Market in 1981. Having built up an environmental division, Willaire diversified into electronics in the late 1980s via a number of acquisitions. But in September, the company put its electronics division, which accounted for around half its turnover, into voluntary liquidation.

On Thursday, the company announced losses of £2m for the year to April and passed the divided on both the ordinary and convertible preference shares. Anyone who supported the company's rights issue – at 25p per share – must be particularly depressed by the sharp decline in the shares, which were trading at just 1¼p on Friday morning.

Shares in WB Industries, an engineering company, have been hit by the effect of losses and a Fraud Squad investigation into the company's property deals. Lep Group, a security and freight forwarding company, has had a year of bad news, with a profits warning, a refinancing of its bank debt and the departure of its chairman and chief executive.

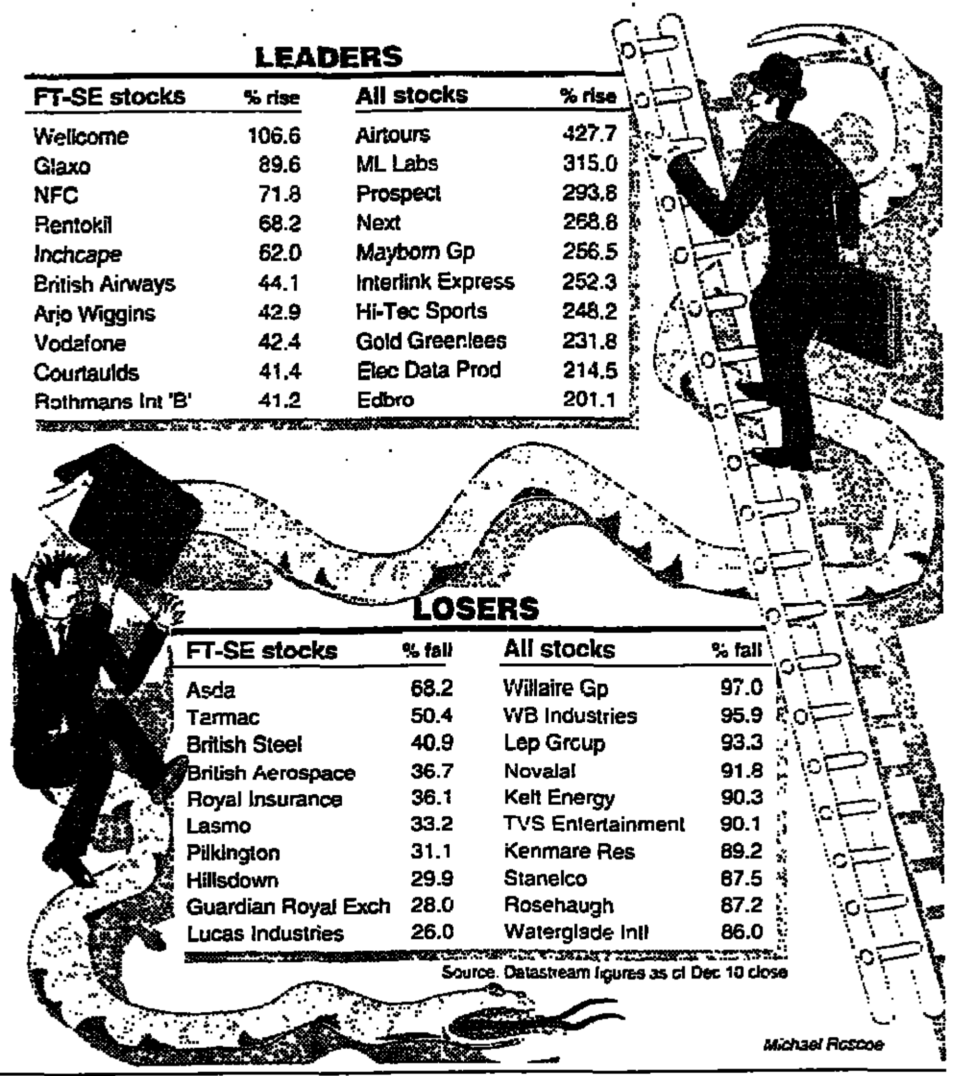
The best-known small company in the laggards list must be Rosehaugh. The property developer recently announced losses of £226m, just a day after the Queen had attended an extravaganza at the company's biggest development, Broadgate, in London. Merger talks with Stanhope, the company's partner in that development, have yet to bear fruition. As at Willaire, some shareholders must be rueing the day they stumped up for a rights issue; Rosehaugh issue's in February 1990 was priced at 200p, compared with a price of 9½p yesterday morning.

Elsewhere, some regular faces appear. Next is on the rebound after a long period of decline, including an appearance in the large company laggards lists of 1988 and 1989.

TVS Entertainment is making its second laggards appearance of the last three years. It was also among 1989's losers. The purchase of US production company MTM had already weakened the group and, this year, it lost its ITV franchise.

ML Laboratories, in contrast, is making its second appearance in a leaders list – not a bad performance from a company which this week announced trebled losses and no dividend. Hopes for profits are pinned on a kidney dialysis product; optimistic talk of a *"new Glaxo" has fuelled the* share price rise.

Finally, a word for those who like to follow the intuitively appealing theory of buying the shares in the losers list in the hope that they will rebound. Three of last year's small company laggards list went into receivership this year and the 1990 Footsie losers list included Maxwell Communications.



LEADERS

FT-SE stocks	% rise	All stocks	% rise
Wellcome	106.6	Airtours	427.7
Glaxo	89.6	ML Labs	315.0
NFC	71.8	Prospect	293.8
Rentokil	68.2	Next	268.8
Inchcape	62.0	*Maybom Gp*	256.5
British Airways	44.1	Interlink Express	252.3
Arjo Wiggins	42.9	Hi-Tec Sports	248.2
Vodafone	42.4	Gold Greenlees	231.8
Courtaulds	41.4	Elec Data Prod	214.5
Rothmans Int 'B'	41.2	Edbro	201.1

LOSERS

FT-SE stocks	% fall	All stocks	% fall
Asda	68.2	Willaire Gp	97.0
Tarmac	50.4	WB Industries	95.9
British Steel	40.9	Lep Group	93.3
British Aerospace	36.7	Novalal	91.8
Royal Insurance	36.1	Kelt Energy	90.3
Lasmo	33.2	TVS Entertainment	90.1
Pilkington	31.1	Kenmare Res	89.2
Hillsdown	29.9	Stanelco	87.5
Guardian Royal Exch	28.0	Rosehaugh	87.2
Lucas Industries	26.0	Waterglade Intl	86.0

Source. Datastream figures as of Dec 10 close

Michael Roscoe

How direct debit can lead to debt

YOU MIGHT think it would be convenient to pay your credit card bills by direct debit – but it could lead you into debt.

Six credit card issuers have a direct debit facility, but they allow you only to clear the *minimum* payment on your bill, rather than the full amount outstanding. This is also standard practice with store credit cards. Treat this facility with caution.

The minimum sum you must pay each month is normally 5 per cent of the outstanding balance, or £5, whichever is greater. The amount outstanding after this has been paid can rack up a lot of interest.

However, some issuers allow you to debit the full balance. This allows you to avoid all interest charges. A direct debit for the full balance is no harder to provide than one for the minimum amount, which is also a variable sum.

Explanations vary. Leeds says its refusal to debit the whole amount is a "safety measure".

Bank of Scotland introduced its minimum amount direct debit for customers who were away on holiday for a long time, to ensure that they kept up with the minimum.

The best value for regular payers comes from the Co-op and the TSB, which still offer cards free of an annual charge. TSB's cap system, described below, largely solves the problem cited by Leeds and Bank of Scotland for those who find themselves with a bigger bill than usual.

The issuers' policies are as follows:

- **Bank of Scotland** allows direct debit for the minimum amount or a fixed amount, but not automatically the outstanding balance.
- **Barclays** does not allow direct debits at all.
- **Clydesdale** also does not allow direct debits Access card.
- **Co-operative Bank** allows repayment of full outstanding balances by direct debit on all its credit cards.
- **Girobank** allows direct debit payments for the minimum, but not the full amount on its mass market cards. Its Gold card (with a fee of £3 per month) offers a debit for the full outstanding balance.
- **Halifax** offers direct debit only for the minimum amount.
- **Leeds Permanent** offers direct debit for the minimum amount, but not for the full balance.
- **Lloyds** is similar to Barclays. There is no direct debit facility at all on its Access credit card, but its Visa Gold charge card can be *paid off in* full by direct debit.
- **Midland** allows direct debits for the minimum amount only, but this service is only open to Midland account-holders. No such facility is available on its charge-free affinity cards.
- **National & Provincial** allows direct debits, but only for the minimum amount.
- **NatWest** does not have a direct debit facility, but you can elect to pay by *standing* order, of at least 5 per cent of your credit limit, which must be for the same fixed amount each month.
- **Royal Bank of Scotland** offers direct debit, of either the full amount, or the minimum, on all its cards. This is paid 15 days after the statement date.
- **TSB** offers one of the most flexible deals. Direct debit for either the full balance or the minimum is *available* on all credit cards. Also there is an ingenious cap system, allowing a customer to name a maximum amount to pay in any one month. You could normally pay your balance in full, but go into debt if the balance became too heavy for your usual cash flow.
- **Yorkshire Bank** allows for both the minimum amount or *the full balance* to be paid by direct debit. Only one phone call is needed to override this.

John Authers

Cautious welcome for new bank code

David Barchard reports on the latest guidelines for consumers' rights

"MISERLY, OVERDUE, but better than nothing" was how the Consumers' Association summed up the new UK banking code published this week.

It might have been more fair to say that the mountains laboured and produced a mouse. The code followed two years of stormy negotiations between the banks and consumers' groups. At one point it looked as if the talks would collapse altogether.

However, few bank customers who read *Good Banking*, the 12-page pamphlet containing the code, published by the British Bankers' Association, will find it easy to understand the fuss.

It does mark some clear improvements on customers' rights against their bank. Some of those rights will cost the banks a considerable amount of money, although exactly how much it is difficult to say.

In disputes over cash machine withdrawals, for example, it is now up to the bank or building society to prove its case against the customer, rather than the other way round.

Bank and building society customers will no longer find their details being relayed to subsidiaries or associated businesses such as insurance companies for marketing purposes unless they give express permission, and they will be reminded every three years that they have the right to stop this happening.

Charges for basic services will be published in a clear form, together with easy-to-understand details of how and when interest is charged.

There are to be no more "charges on charges". If you plunge briefly into the red in one quarter, the charges which follow will not by themselves be grounds for further charges in the subsequent quarter.

Customer losses on a missing card will be limited to £50. This is a real advance on the days when the cash machines of some issuers would warn customers that they were liable for *any* losses on a missing card until it was reported.

If a card is intercepted and fraudulently used before it reaches a customer, all the losses will be born by the issuing bank or building society. If customers do not want to be issued with a PIN (personal identification number) for a card which they will only use as a cheque guarantee card, they will be allowed to do so. However, it looks as if customers will still be given cheque guarantee cards which can also function as debit cards, even if they do not want this.

A review body will be set up, headed by Sir George Blunden, the former deputy governor of the Bank of England, who headed the working party which drew up the code. However, the code is voluntary. Banks and building societies which agree to adhere to it will introduce it at their own speed by devising their own codes.

They are under no legal obligation to introduce it and though all the large UK banks have accepted the code, acceptance of it by the smaller banks may not be automatic.

There seem to be no real sanctions against banks which break the code other than the possibility that their customers may move elsewhere. The code may trigger competition among the high street clearers to provide better service.

Even as the code was being launched, TSB left its larger rivals looking a little silly by promising to introduce advance notification of charges from next autumn. The bigger banks claim that this would be too expensive to be worthwhile. However, they will almost certainly have to introduce pre-notification of charges, and perhaps eventually formal invoices, sooner or later.

They say that four fifths of their customers do not pay bank charges and so the change would increase the burden on those that do.

Other points which the banks have chosen not to concede to their customers include self-selected PINs (some card issuers allow them, others do not); the right to collect a card from your branch if you do not wish to receive it by post; and the right to select a lower cash machine withdrawal limit.

The code may not be the last word on bank-customer relations. The Labour party has hinted that it may impose a stronger code if it comes to power. How swiftly the code will change the attitudes of branch staff, the subject of most complaints about banks, is also questionable.

TSB says it will send 20,000 copies of *Good Banking* out to its branches, but most of the other clearers are waiting until their own codes are ready. One bank this week was saying that it would probably have one copy in each branch, available for inspection by customers who asked to see it. This does not sound very promising.

Expatriates

Connections that count

THE GOVERNMENT is to change the law on domicile, according to a recent parliamentary answer. The new legislation will be based on a 1987 Law Commission report.

The purpose of domicile is to connect individuals with the country in which they have their home, permanently or indefinitely. Its importance extends to such legal areas as copyright, succession, matrimonial matters and taxation.

Many people find it very difficult to be sure of their country of domicile; invariably it will involve them examining their family history for two or more generations. Some may find the result is an aberration – a person can be regarded as domiciled in a country where he has never been and does not intend to go.

Most foreign businessmen in Britain are resident and ordinarily resident in the UK, but domiciled elsewhere. This enables them to limit their tax liability on overseas income and gains to the amounts remitted to the UK. Inheritance tax also attaches only to assets situated in the UK.

For Britons working abroad, the major impact of retaining a UK domicile is continuing liability to inheritance tax on world-wide resources.

These anomalies exist largely because of the concept of domicile of origin – the domicile derived at birth, usually from a father but sometimes from a mother. But a child's domicile can change if, while still a dependent, there is a change in the domicile of the parent.

Suppose a baby is taken from England with his emigrating parents, who then die. Even though the baby is returned to England to his grandparents, his domicile will remain that of the country to which his parents had gone.

With a view to eliminating such problems, the proposals are that domicile from birth until the age of 16 should be determined according to the country of closest connection. For the baby in our example, that would be England.

The Law Commission has proposed that the whole concept of domicile of origin should be abandoned. In its place, domicile of choice will take on greater significance. If the new rules are enacted, a person should be domiciled in a country by living there with the intention of settling for an indefinite period.

In this, as in all cases of changing domicile, the standard of proof should be the balance of probabilities.

Suppose that you and your wife have domiciles of origin in England but you retire to France where your daughter and her family reside. Your plan is to make your home there for an indefinite period in order to see your grandchildren grow up.

However, you do not intend to remain in France permanently. After the grandchildren grow up, you intend to take up permanent residence in your house in Barcelona.

Under the present law, the likelihood is that you would both, while in France, remain domiciled in England. Under the new proposals, domicile in France might well follow.

The elimination of domicile of origin would also signal an end to that aspect of the present law most prone to give rise to bizarre results – the doctrine of revival.

Consider, for example, the case of your friend who has a German domicile of origin, derived from his father who spent all his working life in the US, where your friend was born. On becoming independent, your friend decides to remain in the US, thus taking a domicile of choice there. If he then departs but does not settle in any single country, his German domicile of origin will revive.

The commission now proposes that the existing domicile (the US) should continue until a domicile of choice is taken elsewhere.

For many, no change will result. But when the new laws are enacted, everyone should reconsider their domiciles – none more so, perhaps, than those people without UK domicile who have been in Britain for long periods for purposes other than work or study.

Donald Elkin

■ Donald Elkin is a director of Wilfred T. Fry of Worthing, West Sussex.

How to . . . give to charity

Presents for the needy

CHARITIES have invented many exciting and original ways for consumers to donate money over the last few years. The "Band-Aid" pop record for famine relief in Ethiopia, still the UK's biggest selling single, is perhaps the best known example.

This was in the vanguard of a range of ways to make charitable giving fun, and to place it firmly in the realm of families' other financial decisions.

If, over Christmas, you decide which charities you wish to support there are now many attractive ways to do so. Some of the following ideas come from the industry. Others have resulted from charity provisions in recent Budgets.

■ **Give As You Earn**, as its name suggests, is an easy way to donate, provided your employer has contracted to administer the scheme. The money you choose to donate – up to £50 per month or £600 a year – is deducted from your pay cheque.

However, donations are taken from pre-tax income. So, if you agree to pay the maximum £50 a month, it will only cost basic rate taxpayers £37.50 and top rate payers £30.

The number of employers in GAYE has been increasing rapidly – from 1,800 in 1987-88 to 5,306 in 1990-91. However, many companies are still not involved.

To give in this way you must fill in a form specifying your chosen charities. You can stop the scheme at any time, although you cannot reclaim money already paid. You can also change your charities. Some employers pass the funds on to an agency, which charges a handling fee of 5 per cent.

The Charities Aid Foundation publishes the Give As You Earn Directory of Charities, available to *Weekend FT* readers for only the £4.75 cost of postage and packing. Write to CAF, 48 Pembury Road, Tonbridge, Kent TN9 2JD.

■ ***Gift Aid.*** This was the biggest concession to charities in John Major's Budget. Under the scheme tax relief on big one-off charitable donations can be made, with the relief going both to the charity and the donor.

If you give at least £600 to a charitable group, this will be treated as net of tax under the scheme – in other words, as if you had paid £800. Your charity can then claim basic rate tax relief of 25 per cent (£200), while top-rate taxpayers can reclaim the difference between basic and top rate (£120). The net result in this case is that you pay £480 to make a donation of £800.

There is no point in giving donations between £480 and £600, or in donating more than £600 and not going through the tax formalities.

Take-up of the scheme looks promising. By September 30 this year, when the scheme had been running for exactly a year, £35m had been paid to charities by the Inland Revenue, following donations of about £110m. Gifts of £83.2m were made by 32,150 individuals. There is now no maximum donation.

Gift Aid donations by individuals should be accompanied by a form R190 (SD). One form is needed for each qualifying gift if you are making a joint donation. Most charities hold stocks of these forms.

■ **Covenants** are the more traditional method of tax-efficient charitable giving. As with Gift Aid, basic rate relief can be reclaimed from the Revenue, while an extra 15 per cent, where relevant, is paid to the donor. The difference is that donations must be in regular, fixed amounts.

There is no upper limit on the amount you can covenant, but you must decide on an amount at the outset, together with the intervals at which you will donate – monthly, quarterly or annually. They should be capable of lasting for at least three years, or until your death. The tax privileges will not be allowed over periods shorter than this.

Covenants can be net or gross. If you covenant to pay £100 gross, you will need to part with more if tax rates go down, but the total received by the charity will be £100. If you covenant £100 net, this is the sum you will always pay. The charity will receive more if tax rates rise.

The deed of covenant itself is a relatively complex legal document, so it is best to seek professional help. However, most large charities have preprinted forms you can use, so contact them first.

■ **Charitable Trusts** are of most use when combined with either Gift Aid or covenants. All money paid into such a trust, either via a covenant or via Gift Aid, must be solely for charitable purposes and can be reinvested free of income or capital gains tax. The trust then has great freedom to give to different charities, in differing amounts.

Under independent taxation, both husband and wife can covenant individually into a gift trust, provided each spouse has enough taxable income to covenant.

If trust money is to be held on deposit, you must register with the Charity Commission. You must also find two or three independent trustees, open a bank account in the trust's name, and register with the Inland Revenue.

Investment and Tax Publishing Services publishes a step-by-step guide to setting up charitable gift trusts, recently updated, which includes specimen trust deeds. The price is £40. Contact ITPS at 31 Aylesbury Road, Bedford, MK14 9RJ. Tel: 0234-218740.

■ **Affinity Cards** are credit cards which make small charitable donations each time you use them.

The card provider gives about £5 or £10 to the charity the first time you buy something with the card. Then, a fixed fraction of the money you spend is donated. This is usually only about 20p or 30p per £100 spent, but it adds up.

The cards carry the Mastercard or Visa logo and function as a normal credit card. The one point to beware is that the cards are not such good value if you pay an annual fee for them. This might point you towards the affinity cards offered by Co-operative Bank, Midland, TSB and Girobank.

Girobank offers a Visa donating to Oxfam, and TSB does the same for Save the Children. Co-op has a Visa donating to the Royal Society for the Protection of Birds, and has also launched a corporate affinity charge card. Midland offers a Visa donating to the National Trust, plus ArtsCard and Care Card, which give to a broad range of charities.

The Week Ahead

NFC, the transport, freight and distribution company, is likely to turn in on Wednesday pre-tax profits for the year to September of £90m-£95m, down slightly from £97.7m a year earlier. This would be in line with the "best view" of results it gave at the interim stage.

Considering its businesses are a sensitive barometer of economic activity, profits have held up well. Investor interest will focus on its comments about current business and the state of the economy. Its dedicated distribution division has, for example, continued to enjoy strong profit growth. This could be under pressure if clients' volumes have eased under the impact of recession.

One tricky question for investors is how to value the stock. It is trading at a high p/e of more than 16, reflecting in part the "halo" effect of joining the FT-SE 100. Given a continuing sluggish economy, the rating could be hard to justify.

The success of US businesses is likely to boost the interim results of Gold Greenlees Trott, the advertising agency, which is due to announce on Tuesday. Analysts are expecting a small rise from £2.24m to £2.5m, with a full-year forecast running at about £5.5m. Attention will also turn to the performance of regional agencies, BDH and Babbit & Reiman.

There will be few surprises at Y J Lovell, the housebuilder which announces full-year results on Monday. Last month's warnings of £62m worth of provisions leaves little to the imagination. In the words of one analyst, "if you are going to lose money, why not lose a lot". Estimates vary from a loss of £20m to £50m, depending on how much is taken above the line. This should leave the group clear for a better 1992. Debt is estimated to be about £106m.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Norwich & Peterborough BS	Postmaster	0733 371371	Instant	£1,000	11.30%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Northern Rock BS	Eclipse	091 285 7191	60 Day	£50,000	11.61%	Mly
Birmingham Midshires BS	First Class	0800 444109	90 Day	100,000	12.30%	Yly
Bristol & West BS	Bonus Interest	0272 294271	1 Year	£25,000	12.25%	OM
Skipton BS	Triple Crown Bond	0756 700500	30.4.92	£10,000	12.60%	Yly
TESSAs (Tax Free)						
Melton Mowbray		0664 63937	5 Year	£1	14.00%	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Northern Rock BS	Current Acc	091 285 7191	Instant	£25,000	10.71%	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663566	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0622 690555	1 Year	£25,000	9.00%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.90%	Yly
Prosperity Life FN		0622 690555	3 Year	£25,000	9.20%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.95%	Yly
Providence Capitol FN		0256 768 888	5 Year	£25,000	9.35%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

Table covers major banks and building societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM= Interest paid on maturity. N= Net Rate. B= Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Berisford International	Tuesday	-	-	-
Brunner Investment Trust	Friday	2.0	2.3	2.2
Chemring Group	Wednesday	9.0	17.95	9.9
Chrysalis Group	Friday	2.0	2.0	-
Daily Mail & General Trust	Wednesday	27.0	83.0	29.0
EFG	Thursday	1.25	-	-
Electronic Data Processing	Wednesday	0.77	2.22	1.75
Genesis Chile Fund	Monday	-	-	-
Gestetner Holdings	Wednesday	1.7	6.4	1.8
Greencore	Tuesday	-	-	-
GWR Group	Tuesday	3.0	3.0	1.0
Hardys & Hansons	Monday	11.2	22.3	13.4
Jersey Electricity Company	Friday	8.0	18.0	n/a
Kelsey Industries	Friday	8.0	20.0	8.0
Kleinwort Charter Investment	Friday	1.2	3.6	1.25
Lee (Arthur) & Sons	Tuesday	1.65	4.25	1.65
Lovell (YJ) Holdings	Monday	2.2	6.75	2.2
NFC	Wednesday	1.0	1.8	1.2
Prospect Industries	Monday	0.1	0.1	0.1
Sanderson Electronics	Tuesday	5.4	3.3†	-
Star Computer Group	Friday	-	-	-
Teredo Petroleum	Wednesday	-	-	-
TSB Bank Channel Islands	Wednesday	2.76	4.55	3.45
United Scientific Holdings	Wednesday	0.5	1.5	0.5
Yorkshire Television Hldgs.	Tuesday	3.3	8.7	3.3
INTERIM DIVIDENDS				
Abtrust Preferred Income Inv	Wednesday	-	-	-
Andrews Sykes Group	Wednesday	1.4	3.0	-
Astra Holdings	Monday	-	-	-
Batleys	Tuesday	-	-	-
Border Television	Tuesday	0.88	1.22	-
Brasway	Tuesday	0.24	0.27	-
British Building & Eng. App.	Thursday	0.5	-	-
Bromsgrove Industries	Tuesday	1.45	2.45	-
Clayhithe	Tuesday	1.8	4.2	-
Continuous Stationery	Monday	1.2	2.8	-
Dana Investment Trust	Wednesday	3.37	4.57	-
Dartmoor Investment Trust	Monday	2.5	3.8	2.4
Eldos	Wednesday	-	-	-
Electric & General Inv. Tst.	Thursday	1.5	1.5	-
Faupel Trading Group	Tuesday	1.85	3.05	-
First Technology	Thursday	1.0	-	-
Forminster	Friday	3.47	8.27	-
Gold Greenlees Trott	Tuesday	3.3	5.0	-
Graig Shipping	Monday	1.0	3.0	-
Halma	Tuesday	0.92	1.13	-
Harmony Leisure Group	Wednesday	-	-	-
Harris (Philip) Holdings	Monday	2.0	3.75	-
Ivory & Sime	Friday	1.25	4.5	-
Melville Street Investments	Tuesday	1.5	3.0	-
MFI Furniture Group	Monday	-	-	-
Mosaic Investments	Monday	3.5	5.75	-
NMC Group	Monday	1.25	2.3	-
Northumbrian Fine Foods	Wednesday	0.75	1.0	-
Richmond Oil & Gas	Monday	-	-	-
South Wales Electricity	Wednesday	-	11.8	-
Southern Electric	Tuesday	-	10.12	-
Sterling Industries	Wednesday	1.5	4.1	-
Tinsley Robor	Thursday	0.75	0.25	-
Trimoco	Tuesday	0.8	0.8	-
United Industries	Monday	0.5	0.5	-
Verson International	Thursday	0.3	0.7	-
Westport Group	Wednesday	-	0.6	-
Worthington Group	Monday	-	0.75	-
Yorkshire Electricity Group	Wednesday	-	10.81	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † = Second interim dividend.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
AmBrit	5½*	6½	4	3.61	Pittencrieff
Atlantic Res	2.25	2¼	2.25	5.96	Conroy Pet
Baker Harris	75⅓	70	53	9.95	Herring
Beazer‡	1065§	111	83	296.33	Hanson
Cityvision	46* ♦	48	25	67.9	Blockbuster UK
Do. 8.5% Cnv Pf	80* ♦	88	66	7.1	Blockbuster UK
Edbro ‡	270*	265	140	24.22	Marrel
Geers Gross	35*	34	33½	5.30	Publicis
Harrison Inds	9.2	65	59	11.22	Antares ♣
Hawker Siddeley‡	751§ §§	746	640	1.48bn	BTR
Do. 5.5% Cum Prf	82*	63	63	4.89	BTR
New England Props	17§ §§	16¾	14	11.79‡	TR Prop Inv Tst
Racal Elect.	57¼§ §§	54	51	792.91	Williams Hldgs.
Ritz Design	200††	197	185	18.03	Stirling Group
Security Archives	275*	272	234	17.66	Brambles Inds.
Steetley	376.55	342	274	588.47	Redland
Sterling Trust	41*§	59	56	10.79☆	Robert Fraser
Sun Life Corp‡	1160*§	1145	1138	316.96♣	Rockleigh Corp.
Telfos‡	115*	113	63	46.02	Jenbacher
Ultramar	294§§	256	277	1.09bn	LASMO
Wilding Office Eq	20½	22	27	3.81	Pentos

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 13/12/91. †At suspension. §§Shares and Cash. ♣ For 70.16% not already owned. ♦ For 49.2% not already owned. ♦ Or alternative of 1 Blockbuster share valued at 80p for each Cityvision ord. share, and at 83p for each Cityvision pref. share. ♣ Reverse takeover. ☆ For 40.5% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acatos & Hutcheson	Sept	6,680	(4,230)	13.3	(5.4)	5.0	(3.5)
Albion	Sept	620	(824)	9.8	(14.0)	2.5	(3.2)
API Group	Sept	703	(1,880)	3.1	(8.0)	6.75	(6.75)
Archer (AJ)	Sept	3,120	(5,660)	6.7	(16.5)	4.4	(8.4)
Ashley Group	Aug	13,600	(13,500)	7.5	(8.8)	1.95	(1.82)
Automagic Holdings	Jun	96 L	(684)	-	(7.4)	0.5	(6.5)
Baggeridge Brick	Sept	2,540	(5,210)	4.84	(8.5)	3.12	(3.12)
Bellwinch	Jun	15,100L	(4,850 L)	-	(-)	-	(-)
Blick	Sept	6,320	(5,670)	21.63	(19.6)	8.0	(7.0)
Bradstock Group	Sept	8,000	(8,100)	8.9	(8.8)	4.75	(4.5)
Carlton Comms.	Sept	88,800	(127,100)	29.6	(42.8)	15.5	(14.1)
Chiltern Radio	Sept	114	(1,290)	1.5	(14.3)	2.0	(4.8)
Compass Group	Sept	32,000	(29,500)	31.9	(28.8)	11.4	(10.3)
Countryside Props.	Sept	3,050	(8,130 L)	7.2	(-)	4.11	(4.11)
Crodite Group	Sept	1,960 L	(1,220)	-	(7.0)	-	(4.0)
Devenish (JA)	Sept	11,470	(11,280)	16.41	(16.37)	6.25	(5.3)
Grainger Trust	Sept	1,370	(3,230)	8.03	(10.55)	5.25	(5.25)
Granada Group	Sept	57,000	(120,000)	7.5	(21.8)	7.0	(12.3)
Greenalls Group	Sept	64,100	(62,200)	28.2	(26.1)	11.0	(10.0)
Greenwich Resources	Sept	108	(1,240 L)	-	(-)	-	(-)
Holmes & Marchant	Sept	2,100	(4,300)	7.3	(19.1)	6.6	(6.6)
Hunterprint Group	Sept	6,320L	(16,300L)	-	(-)	-	(-)
Johnson & Firth Brown	Sept	9,600	(12,310)	5.2	(6.4)	3.0	(3.0)
Lynx Holdings	Sept	320	(225)	4.3	(3.7)	1.25	(0.75)
Midlands Radio	Sept	687	(1,850)	3.3	(7.95)	2.5	(4.5)
Mining & Allied Supp.	Sept	281	(150)	0.5	(0.002)	0.5	(-)
ML Laboratories	Sept	460 L	(116 L)	-	(-)	-	(-)
Richards	Sept	434	(2,820)	2.25	(9.18)	4.0	(4.0)
Rosehaugh	Jun	226,640L	(165,500L)	-	(-)	-	(-)
Sage Group	Sept	6,640	(4,730)	25.5	(19.2)	8.05	(7.0)
Sturge Holdings	Sept	8,860	(31,460)	10.6	(38.8)	16.5	(16.5)
Sycamore Holdings	Sept	549	(2,780 L)	1.0	(-)	-	(-)
Tilon Holdings	Sept	1,510	(920)	9.31	(5.42)	3.25	(2.99)
Tottenham Hotspur	May	1,780L	(1,000L)	-	(-)	-	(1.0)
Tubular Edgington	Jul	7,000 L	(549)	-	(0.41)	-	(-)
Vaux Group	Sept	34,000	(38,815)	20.31	(23.7)	9.2	(8.76)
Venture Plant Group	Sept	5,150 L	(1,160 L)	-	(-)	-	(-)
Watson & Philip	Oct	11,800	(5,020)	25.4	(23.4)	12.8	(11.6)
Wescol Group	July	1,150 L	(60)	-	(-)	-	(-)
Wharfedale	Jun	1,220 L	(11)	-	(4.0)	-	(-)
Wilding Office Equip.	Sept	2,940L	(585L)	-	(-)	-	(1.8)
Willaire Group	Apr	2,040 L	(3,300)	-	(1.76)	-	(0.86)
Wolverhampton & Dud.	Sept	33,000	(31,800)	36.0	(36.0)	10.3	(9.3)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aberdeen Steak	Jun	625 L	(475 L)	-	(-)
Adam & Harvey	Sept	3,030	(2,790)	5.0	(-)
Anglo United	Sept	3,000	(1,100)	0.2	(0.2)
Assoc. British Eng.	Sept	42	(74 L)	-	(-)
Atkins Group	Sept	48 L	(192)	3.6	(3.6)
Avesco	Sept	147	(302)	0.5	(0.5)
Baker Harris	Oct	627	(456)	1.5	(1.0)
Ball (AH)	Sept	524	(376)	2.2	(2.2)
Berkeley Group	Sept	5,400	(750 L)	1.5	(1.5)
Bexbuild Develops.	Sept	138	(555)	1.0	(-)
Birkdale Group	Sept	64	(718 L)	-	(-)
Booth Industries	Sept	324	(376)	0.7	(0.7)
British Land	Sept	10,200	(10,100)	2.07	(1.88)
Brown Shipley	Sept	-	(-)	-	(3.0)
BSS Group	Sept	5,200	(6,100)	5.75	(5.75)
Bulmer (HP)	Sept	8,070	(8,070)	3.45	(3.2)
Charter Consolidated	Sept	38,500	(41,400)	7.0	(7.0)
Cooper Clarke Group	Oct	203	(235)	-	(0.5)
Courts (Furnishers)	Sept	2,140	(3,650)	1.83	(1.83)
Cray Electronics	Oct	1,300	(788)	-	(-)
Dowty Group	Sept	10,100	(37,900)	3.6	(3.6)
Elga Group	Sept	482	(304)	0.6	(0.6)
ERF	Sept	330	(1,370 L)	2.0	(2.0)
Eve Group	Sept	1,810	(2,320)	2.7	(2.7)
Ferranti Int'l.	Sept	28,800	(20,400)	-	(-)
Fine Art Develops.	Sept	4,490	(4,100)	2.7	(2.5)
Fleming Int'l. High	Nov	2,580	(2,960)	1.0	(1.0)
Fuller Smith	Sept	3,610	(4,330)	2.25	(2.1)
GMEN	Sept	7,000	(14,900)	-	(-)
Harland Simon	Sept	2,900	(2,500)	2.25	(2.0)
Learmonth & Burchett	Oct	281 L	(618 L)	-	(0.4)
London Merchant Sec.	Sept	11,300	(13,740)	0.8	(0.8)
Manweb	Sept	27,500	(18,700)	5.45	(-)
Marina Developments	Sept	2,300	(2,180)	-	(5.0)
Marling Industries	Sept	593	(2,850)	0.3	(1.3)
Midlands Electricity	Sept	27,000	(18,300)	5.65	(-)
Moorgate Inv. Tst.	Nov	806†	(866†)	1.7	(1.7)
Moorgate Smaller	Oct	-	(-)	1.8	(-)
MS International	Nov	175	(145)	1.0	(1.0)
Multitone Elec.	Oct	864	(621)	1.25	(0.75)
New London	Sept#	2,270	(54 L)	-	(-)
Norcros	Sept	6,300	(9,800)	3.5	(3.5)
Northern Electric	Sept	26,000	(23,600)	5.55	(-)
Plysu	Oct	4,800	(4,000)	1.65	(1.35)
Racal Electronics	Oct	11,600	(24,700L)	0.3	(1.05)
Reed Executive	Sept	3,200L	(2,500)	-	(0.6)
Reliance Security	Nov	1,010	(1,280)	2.2	(2.2)
Rolfe & Nolan	Aug	704	(661)	2.3	(2.1)
Scott Pickford	Sept	185	(80)	-	(-)
Scottish Hydro	Sept	27,000	(21,200)	3.25	(-)
Scottish & Newcastle	Oct	115,700	(114,500)	5.51	(5.1)
Scottish Power	Sept	81,900	(71,700)	3.38	(-)
Security Archives	Sept	770	(575)	4.0	(3.0)
Severn Trent	Sept	137,000	(135,000)	6.4	(5.85)
Shandwick	-	-	(-)	1.18●	(-)
Smith New Court	Oct	7,590	(7,570)	1.0	(0.5)
South Western Elec.	Sept	13,800	(1,200 L)	5.25	(-)
Southend Property	Sept	1,300	(2,800)	1.45	(1.32)
Southern Water	Sept	61,400	(47,200)	6.5	(5.9)
Sterling Publishing	Sept	571	(904)	0.5	(1.5)
Stewart & Wight	Sept	173	(150)	-	(-)
TGI	Sept	671	(50 L)	-	(2.2)
Tinsley (Eliza)	Sept	287	(550)	1.8	(1.6)
Total Systems	Sept	351	(20)	0.75	(-)
Towles	Aug	644 L	(695 L)	-	(-)
Triplex Lloyd	Sept	3,120	(4,170)	2.5	(2.5)
Umeco	Sept	68	(411)	0.75	(1.665)
Unit Group	Sept	122	(1)	-	(-)
United Energy	Jun	91	(-)	-	(-)
Victoria Carpet	Sept	883	(867)	-	(-)
Wardell Roberts	Oct#	1,330	(1,610)	1.27	(1.21)
Whitecroft	Sept	2,230	(3,580)	3.3	(4.6)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. # = Figures quoted in US dollars and cents. # = Figures quoted in Irish pounds & pence. † = Net revenue. ● = Second interim dividend.

RIGHTS ISSUES

Inchcape is to raise £376.2m via a one-for-three rights issue at 310p.
Harlstone Group is to raise £65m via a two-for-five rights issue at 235p.
Tottenham Hotspur is to raise £7m via a four-for-seven rights issue at 125p.

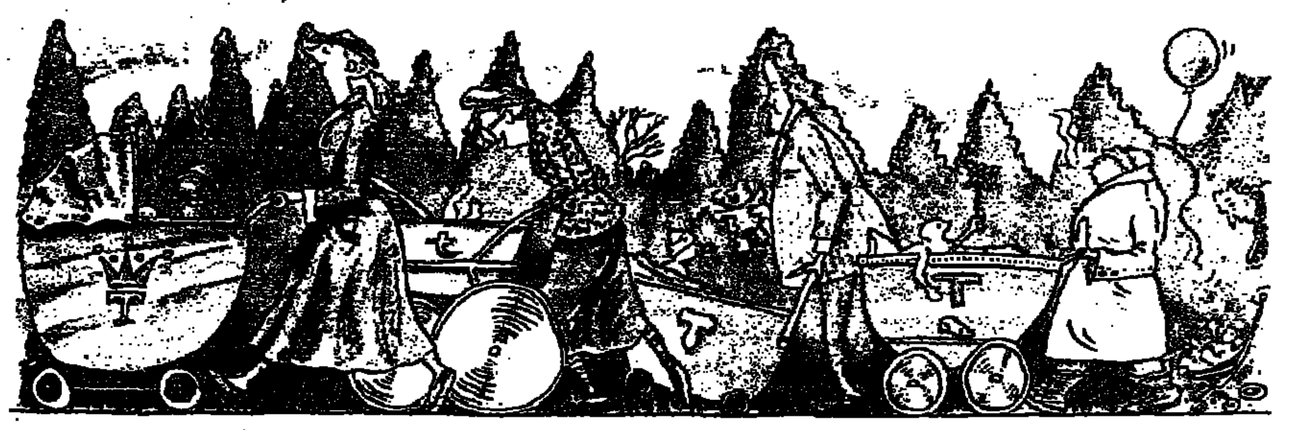
OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Harrington Kilbride is to join the main market via a £3.5m placing at 120p.
Wharfedale is to raise £2.25m via a placing and open offer.

FINANCE AND THE FAMILY

One year on, Tessa finds her feet

*John Major's financial baby is proving profitable and popular, reports **Scheherazade Daneshkhu***



TESSA (Tax Exempt Special Savings Account) is about to celebrate her first birthday. Many people will want to know how quickly she has grown – and whether to support her again next year.

The brainchild of John Major when he was Chancellor, Tessas were designed to encourage people to save by giving them the incentive of tax exemption on a potential total of £9,000 if held for five years.

The fact that Tessas are widely regarded as a Good Thing is reflected in the Labour party's intention not to tamper with them should it form the next government.

Tessas, which have been offered by most banks and building societies, have proved a straightforward, convenient and safe form of savings for taxpayers. An added advantage is that investors can get hold of their savings in an emergency, although this will mean foregoing the tax benefit on the interest.

Even many non-taxpayers will have found them appealing because, in their desire to attract investment, many institutions offered higher interest rates on their Tessas than on their ordinary savings accounts.

For example, Barclays Bank's Tessa rate was 13 per cent at its launch on January 2, rising to 14 per cent just eight days later, while the gross rate on its three-month investment account was 10.75 per cent. At the same time, Britannia BS was offering 15 per cent on its Tessa, compared with 13 per cent on amounts up to £10,000 in its Trident High Option interest account.

These rates, combined with the tax benefit, certainly attracted savings, but it is debatable how much of these savings were "new". Most Tessas were taken out by those investors with savings accounts simply transferring their funds into a Tessa. For example, 80 per cent of the 370,000 Tessas sold by Halifax Building Society in the first six months were opened with money which came straight out of other Halifax accounts.

In a survey this month of its Tessa account holders, Save & Prosper/Robert Fleming found that 81 per cent of its clients had invested the full £3,000 first year deposit while 74 per cent intended depositing the maximum £1,800 in Year Two.

On the other hand, government figures show that £7bn has been deposited into Tessas from January to September compared with £4.1bn in January and February. The Treasury says that the £3bn difference, without the incentive of many of the bonuses for accounts in the first months, probably indicates "quite a bit of new money".

The table shows the projected value of £3,000 put in a Tessa at the first anniversary of its launch. The figures take into account the different rate changes throughout the year and assume that the present interest rate holds through to the first anniversary. We have omitted the few institutions which launched their Tessas after the end of February.

The average growth across the accounts was 12.9 per cent, which, given that inflation has been 4.3 per cent over the past year, means that Tessa accountholders have enjoyed a real tax-free return of 8.6 per cent this year.

This performance probably flatters Tessas, since they were launched at a time when base rates were high. The general consensus is that rates are likely to be lower in the 1990s.

It must also be stressed that these are merely the first year's returns. Some accounts which have done well to date may not be offering competitive rates in Year Five. Others, which may not have done so well to date, may come good towards the end of the term.

It is noticeable that many of the best returns have been given by smaller banks or building societies. This is usually because they tend to attract small amounts of money and can therefore afford to give better rates than some of the larger institutions, which inevitably attract sizeable deposits. Some institutions refused to be included in the survey because they did not want to attract more money.

Many of the institutions in our "best" table have benefited from the fact that they will be paying bonuses at the end of the first year. Such bonuses have been included in our table, but those which will be paid on maturity (after five years) are excluded.

For example, the North of England BS figure quoted includes a 1 per cent bonus for the first year, which amounts to £30. A similar bonus paid by Caledonian Bank at maturity has not been included.

For this reason the table should be treated as a guide to the first year rather than an absolute comparison. You should check to see what bonuses apply to your account before writing to your bank or building society in fury. For example, Norwich and Peterborough has a substantial 10 per cent bonus on the initial first year deposit (maximum £300) which is payable on maturity.

Another factor to take into account is the flexibility of your Tessa. Most attach transfer penalties, either in the form of an administration fee, loss of interest or a period of notice.

In addition, in their desire to attract investments, the institutions structured their Tessas so as to give maximum returns to those able to put in the whole £3,000 allowed in the first year of the account. Some, such as National Counties or Allied Trust Bank, which have featured regularly in our Best Rates for Your Money table, demand even more.

National Counties requires Tessa holders to deposit a further £1,000 in a feeder account at a lower rate of interest than the Tessa. Allied Trust has two Tessas: the Classic requires a minimum deposit of £2,001 and minimum for the Premier is £9,000. Rates on the feeder account for the £6,000 that would have been placed there this year have dropped from 11.7 per cent net to 8.6 per cent.

Note that the table has been reversed at half point to divide into the best and worst returns over the year. Northern Rock BS is therefore only one notch above Firstdirect in the list.

Tessa's first year has been relatively successful and she is definitely up and walking. Some teething problems, such as the reluctance of some operators, including Abbey National and Halifax, to accept Tessa transfers have yet to be sorted out.

TESSA LEAGUE TABLE

Building Society/Bank	Value	% growth	Launch rate %	Rate today %	Transfer penalty	Building Society/Bank	Value	% growth	Launch rate %	Rate today %	Transfer penalty
BEST						**WORST**					
North of England BS	3435.84	14.5	14.0	12.5	Y	Hinckley and Rugby BS	3319.82	10.6	12.5	9.0	N
National Counties	3435.48	14.5	15.4	13.1	Y	Caledonian Bank	3335.47	11.2	13.5	10.0	N
Julian Hodge Bank	3432.17	14.4	15.0	13.0	Y	Gartmore Money Management (Prime)	3341.01	11.4	13.0	9.8	N
Nationwide BS (Flexible)*	3429.25	14.3	13.7	11.5	Y	Newbury BS	3341.49	11.4	13.5	10.1	Y
Exeter Bank	3425.52	14.2	15.0	12.6	Y	Newcastle BS	3342.56	11.4	14.0	11.4	Y
Marsden BS	3425.49	14.2	13.8	12.0	Y	Staffordshire BS	3347.66	11.6	12.8	10.5	N
Melton Mowbray BS	3420.00	14.0	14.0	14.0	Y	Swansea BS	3348.82	11.6	12.4	10.1	Y
Cheltenham & Gloucester BS (Maxi)*	3417.67	13.9	15.3	12.0	N	Tyndall & Co	3349.76	11.7	13.4	9.9	N
Coventry BS	3415.00	13.8	13.5	11.6	N	Municipal Mutual Bank	3350.30	11.7	14.0	10.5	Y
Kent Reliance BS	3414.74	13.8	14.0	12.5	Y	*Chorley & District BS*	3355.29	11.8	13.0	11.0	Y
Woolwich	3412.75	13.8	14.5	11.8	N	Abbey National	3358.00	11.9	13.8	11.4	Y
Allied Trust Bank (Premier)	3412.28	13.7	14.7	13.2	Y	Ulster Bank	3359.48	12.0	13.5	10.5	N
Mercantile BS	3411.77	13.7	14.0	12.5	Y	Portman BS	3360.19	12.0	13.5	10.7	Y
Cambridge BS	3411.37	13.7	15.0	12.3	Y	Bath Investment & BS	3360.59	12.0	13.1	10.8	Y
Lambeth BS	3410.32	13.7	14.0	12.9	Y	Bristol & West BS (Bonus)	3362.00	12.1	13.5	10.9	Y
St Pancras BS	3409.90	13.7	14.1	13.1	Y	*Northern Bank*	3362.65	12.1	13.0	10.5	N
Darlington BS	3409.60	13.7	14.0	12.9	Y	Cater Allen	3363.04	12.1	13.5	10.3	Y
Tipton and Coseley BS	3408.74	13.6	15.0	12.5	Y	Bank of Scotland	3363.52	12.1	13.5	10.5	Y
Shepshed BS	3407.68	13.6	14.3	12.6	Y	Chelsea BS	3363.69	12.1	13.0	11.5	Y
Beverley BS	3407.63	13.6	14.0	12.5	N	Surrey BS	3365.02	12.2	13.5	11.0	N
Bradford and Bingley (Optimum)	3406.08	13.5	13.0	11.3	Y	Loughborough BS	3365.54	12.2	13.5	11.0	N
Dunfermline BS (Maximum Capital)	3405.74	13.5	14.0	12.5	Y	Royal Bank of Scotland	3366.85	12.2	13.7	11.0	Y
Universal BS	3405.37	13.5	15.0	12.3	Y	Stafford Railway BS	3366.00	12.2	13.5	10.5	N
Birmingham Midshires (Lump Sum)*	3404.14	13.5	14.0	11.4	Y	TSB	3367.04	12.2	14.0	11.0	N
Progressive BS	3403.06	13.4	14.0	12.5	Y	Saffron Walden BS	3368.66	12.3	13.0	11.5	Y
Manchester BS	3402.93	13.4	14.5	12.0	Y	Bank of Ireland	3368.75	12.3	14.0	10.5	Y
Mansfield BS	3402.06	13.4	14.8	12.0	Y	Nottingham BS	3369.04	12.3	14.0	11.0	Y
Cheshunt BS	3401.12	13.4	13.3	12.3	Y	Cheltenham & Gloucester (Flexi)	3371.80	12.4	12.0	12.0	N
Yorkshire BS	3401.00	13.4	14.8	12.3	Y	Yorkshire Bank	3372.00	12.4	12.5	11.5	Y
Monmouthshire BS	3400.92	13.4	14.0	12.3	Y	Bristol and West BS (Tessa Plus)	3374.00	12.5	14.3	11.7	Y
Clay Cross Benefit BS	3400.17	13.3	14.0	12.0	Y	Leeds Permanent (Gold)	3374.16	12.5	14.0	11.3	Y
Dryfield Finance	3400.00	13.3	14.0	13.0	Y	Harpenden BS	3374.75	12.5	14.0	11.5	Y
West Cumbria BS	3399.89	13.3	15.0	12.0	Y	Southdown BS	3374.92	12.5	13.0	12.0	Y
Leeds & Holbeck BS	3399.87	13.3	14.5	12.3	N	Midland Bank	3375.23	12.5	13.5	11.0	N
Britannia BS (Platinum)	3399.58	13.3	15.0	12.0	Y	Allied Trust Bank (Classic)	3375.81	12.5	13.7	12.0	Y
Stroud and Swindon BS	3398.01	13.3	15.0	12.3	Y	Ipswich BS	3376.69	12.6	13.0	11.5	Y
Furness BS	3397.34	13.2	13.8	12.3	N	Barclays Bank	3376.85	12.6	13.0	11.0	Y
Co-Operative Bank	3397.33	13.2	14.0	11.5	Y	Gainsborough BS	3378.26	12.6	13.7	11.3	Y
Lancastrian BS	3396.94	13.2	14.0	11.5	Y	*Ecology BS*	3378.71	12.6	13.0	11.4	Y
Vernon BS	3396.52	13.2	13.5	12.5	Y	Holmesdale BS	3378.93	12.6	14.0	11.5	Y
Alliance & Leicester BS	3396.44	13.2	14.5	11.8	Y	Ilkeston Permanent BS	3379.15	12.6	13.5	11.0	Y
Scarborough BS	3396.11	13.2	13.0	12.4	N	Lloyds	3379.84	12.7	14.0	10.5	Y
Clydesdale Bank	3395.47	13.2	14.5	11.5	Y	National Westminster	3380.30	12.7	14.0	10.5	N
Chesham BS	3395.46	13.2	13.3	12.0	Y	Leek United BS	3381.13	12.7	14.0	11.5	Y
National & Provincial BS	3395.15	13.2	13.5	11.6	Y	*Scottish BS*	3381.25	12.7	14.5	11.0	Y
Barnsley BS	3393.91	13.1	14.0	11.8	Y	Save & Prosper/Robert Fleming (Variable)	3381.45	12.7	15.3	11.9	Y
Tynemouth BS	3392.01	13.1	14.5	12.5	Y	Dudley BS	3382.27	12.7	14.5	12.0	Y
Skipton BS	3391.59	13.0	14.0	11.6	N	Standard BS	3382.42	12.7	14.0	11.5	Y
Principality BS	3390.54	13.0	15.0	11.5	Y	Hanley Economic BS	3382.44	12.7	14.5	11.3	Y
Save & Prosper/Robert Fleming (Fixed)	3390.00	13.0	13.0	13.0	Y	Confederation Bank	3383.59	12.8	14.5	11.5	Y
Norwich and Peterborough	3389.90	13.0	13.0	12.0	N	West Bromwich BS	3383.82	12.8	14.0	12.5	Y
Haywards Heath BS	3389.39	13.0	14.5	12.3	Y	Allied Irish Bank	3383.88	12.8	13.5	12.0	Y
Londonderry Provident BS	3388.99	13.0	14.0	11.5	N	Halifax BS	3385.00	12.8	13.5	11.4	Y
Mid Sussex BS	3388.67	13.0	13.5	11.8	Y	Cheshire BS	3385.68	12.9	14.5	11.5	Y
Greenwich BS	3386.38	12.9	14.0	11.3	Y	Buckinghamshire BS	3385.68	12.9	14.0	12.0	Y
Northern Rock BS	3385.79	12.9	13.5	11.7	Y	*Firstdirect*	3385.77	12.9	13.5	11.0	Y

Replaced or withdrawn. Current rates supplied with the help of Blay's Money Master (0753 890482)

Futures fund from L&G

LEGAL & General is launching the first retail authorised Futures and Options Fund. FOFs are unit trusts which were created by changes to Securities and Investments Board's regulations at the beginning of September. They can invest up to 10 per cent of their funds in futures and options.

This effectively stops them from "gearing". FOFs must cover all their potential exposure with underlying holdings of securities. They are therefore different from Geared Futures and Options Funds (GFOFs), which can invest up to 20 per cent in derivatives, have the potential to lose all their money, and have caused controversy.

With the bulk of its funds invested in a cash account, Legal & General's trust will aim to pay a yield higher than that available from the average equity income trust.

However, it will not hold any shares. Instead it will use index futures (but not options) as a quick and cost-effective way to gain exposure to stock markets. When equities seem relatively over-valued, gilt index futures will be used to gain exposure to bonds. Thus it makes no attempt at stock-picking; any gains should come from broader asset allocation decisions.

The UK Tactical Allocation Trust will be available from December 30, with a 1 per cent discount on the offer price available until January 31. The front-end charge is 6 per cent, with an annual management charge of 1.5 per cent. Minimum investment is £1,000. The projected yield is 8.5 per cent.

Legal & General accepts that the concept is complicated, and heavy marketing to the public will not start until the fund has built up a performance record. However, the company hopes to make a virtue of the fund's ability to switch from shares into cash or bonds when the equity market seems over-valued. L&G's investment strategy would have meant switching out of equities some months before Black Monday. Equity funds could not do this.

John Authers

The rich voice their suspicions

THE RICH are cautious and cynical folk. According to a report from IFT Marketing Research*, most of those interviewed were risk-averse and suspicious of more sophisticated financial products.

IFT found that the wealthy were in a state of "inertia combined with ignorance or only vague awareness over wide areas of financial relevance."

The well-off may think they are ignorant but their comments seem shrewd. On PEPs, one respondent had identified one of the problem areas. He said: "From my reading of it the tax advantages you are supposed to get from a PEP are skimmed off in fees by the people who are operating the PEP – at the end of the day you're not really all that better off."

Cynicism was a common condition. Said one retired GP: "I've had a stockbroker but I don't think their advice is worth having as they don't care if their shares go up or down. Their tips are gambles, like racing tips." A retired retailer said: "I believe all advice is biased and basically down to commission. I think the banks' advice is tunnel vision and they can only advise on their own products."

Some had been soured by the 1987 crash. One woman who was persuaded by a saleswoman to switch money from Lloyds Bank into Allied Dunbar unit trusts a month before Black Monday said: "She advised us to buy into these unit trusts which were virtually foolproof; they had performed magnificently for ten years, until we bought them."

There were misunderstandings. One interviewee said he was not interested in National Savings because he still paid tax – but some NS products offer attractive returns for high rate taxpayers.

IFT interviewed 29 people with assets of £50,000 or more.

■ *Marketing Financial Services to the Wealthy published by IFT Financial Research, 361-373 City Rd, London EC1V 1JJ.*

Philip Coggan

Single company PEPs launched

THIS YEAR no launch of a financial product has rivalled the hype for Tessas 12 months ago – but Single Company Personal Equity Plans (COPEPs) are trying hard, writes John Authers.

COPEPs were the only big concession for savers in Norman Lamont's Budget and, like Tessas last year, they come into force on New Year's Day.

Regulations governing them have just been announced by the Inland Revenue, and now the stream of offerings from fund managers has started.

COPEPs are conceptually the same as normal PEPs – they offer equity investment free of income and capital gains tax. However, the maximum limit is only £3,000, while ordinary PEPs investing in equities are allowed to hold £6,000. Most important, with a COPEP, the shares of only *one* company may be held.

You can hold a COPEP in addition to a PEP, so it is possible to invest £9,000 per year directly into equities, tax-free. You can take out a "self-select" PEP and put all of the £6,000 into one company, which means that you can have a holding of £9,000 in one company, tax-free.

Diversification into different stocks is usually sensible, so this might not appeal. But COPEPs have a significant advantage. Many investors found that minimum dealing charges made active management of old-style PEPs impractical. Shifts from one stock to another could be justifiable, but commissions wiped out the tax benefits. That meant it was best to hold on to a portfolio, and avoid dealing.

COPEPs do not make deals, so should be significantly cheaper. They are targeted at company incentive schemes, allowing employers to offer employees a tax-free stake in the company.

A pioneer of this concept was CC&P, now part of Bacon & Woodrow, which will continue to offer about 20 PEPs with backing from the sponsoring companies. If your company has such a scheme, it should be worth looking at.

The City has leapt at the opportunity to provide a new product for savers. Lloyds Bank this week launched a range of 100 single-company PEPs. Another 31 companies are planning to offer the new COPEPs, according to Best PEP Advice; most will be available from January 2 onwards.

Some offer FTSE 100 stocks – for example Hill Osborne, Invesco MIM, Sheppards and Yorkshire Bank – while others, including Allied Provincial, Bell Lawrie White, Charles Stanley, Credit Suisse, I.A. Pritchard, Jarvis, John Siddall, and Trumark Financial Services, aim to offer an unrestricted list of companies.

Charges, as yet unclear, will determine how good the final deals are. COPEPs do not have Tessa's flexible charms, and in many ways they demand a much longer term commitment. But tax-free dividends from a solid company at a low cost must look appealing.

TAKE ONE ancient beverage: a dying country tradition: an American Anglophile: some 17th and 18th-century barns and the latest in high-tech equipment mix well: and let stand a few years.

The result? The Lurgashall Winery, a six-year-old concern which makes mead (a drink made from fermented honey well known to the early Celts) and English country wines; traditional, formerly home-produced wines made from native fruits and flowers such as blackberries, apples and elderflowers.

Lurgashall is the brainchild of Jerry Schooler, a New Englander who has lived in the UK for 20 years. Schooler, a consultant and a former senior lecturer in management at the City of London Polytechnic, has long harboured a passion for wines and winemaking. He has been a judge for the International Wine & Spirit Competition since 1972. He is also an ardent traditionalist. Schooler makes mead and country wines from historically accurate recipes. His winery's aim, he says, is "the bottling of history".

"I believe we're the only company making real, traditional mead:" he says. "The key is in diluting honey with water: then fermenting it with yeast. Some of our competitors blend honey with cider, it's cheaper: but it isn't authentic."

Schooler started the company by buying the Malmesbury Mead and Wine Company in Wiltshire for roughly £20,000 in 1985. That, like much of the money spent on the business, came from what Schooler describes as his own "inherited and accumulated funds". In return for his investment, he received some very old equipment and 12 bulk-mead customers who use mead for medieval banquets.

His plans for the company, however, were very different; he wanted an operation capable of producing 1.5m bottles of wine. In addition, the winery itself had to meet aesthetic criteria. Its design had to harmonise with the traditional products it would produce. Schooler bought a group of 17th and 18th-century barns and relocated them at his Windfallwood estate in Sussex. There, the barns were painstakingly renovated. The whole project has cost "over £500,000" to date. The idea is to create a business as beautiful as it was efficient. Conservation and historic buildings awards testify to the success of the first aim,

Spirit of history: Jerry Schooler pours a glass of his elderflower wine at Lurgashall Winery

Tony Andrews

Old wines in new bottles

Jamie Ambrose meets an American who makes traditional wines

but what about the more basic problems of productivity?

While the winery and its recipes may be traditional, there is nothing old-fashioned about Schooler's business methods. The old Malmesbury machinery, was quickly replaced with the latest wine making equipment. Lurgashall boasts a laboratory and its own water purification system. Modern methods are also used in staffing. The winery employs four full-time and 34 part-time workers and is run by consensus management. The business offices are computerised and there is an emphasis "recycling everything".

Schooler's strategy seems to be working. Lurgashall's turnover, he says, has risen from £40,000 to over £425,000 in five years, and production has jumped to 150,000 bottles pa. The bulk-mead market makes up roughly 5 per cent of business and the winery has expanded its range to include gooseberry, elderberry, apple, elder flower silver birch wines (made from birch sap) and barley wines; two fruit liqueurs (peach and blackberry); spiced mead and an English Muller Thurgau wine.

Mead is produced for several historic sites and homes (Hampton Court, Leeds Castle and Blenheim Palace among them), and Lurgashall's products are carried by 500 stockists throughout the UK, including Fortnum and Mason's and Selfridges. About 1 per cent of sales is exported, mostly to Germany.

The company has had its recession problems – not least in its banking relations.

"The banks (Barclays in this case) have been unsympathetic," Schooler explains. "They have frozen my overdraft and want more equity, even though our debt-equity ratio is very low. All the money for the building has been my own money, and borrowings have been mainly for machinery. Nevertheless they have tried to force me to put more money into the business to cut down my overdraft."

Suppliers are allowing Schooler to pay only the interest on his credit while he arranges a foreign loan. The money is coming, he says, "basically from the US", but more than that he will not divulge. Instead, he vents his frustration on the banks, which he says are interested only in cash, not in understanding the needs of small companies.

"Our business is seasonal. We have to purchase raw materials and we have to stock-up ahead of time; our wines take a minimum of six months to make. It's taken five years to reach the break-even point and, Just when we've reached it, the bank starts cutting overdraft facilities and raising charges."

Schooler hopes, eventually, to turn the company into a plc and plans to draw small investors from his customer base of 10,000 names. For now, he concerns himself with developing new wines (a sparkling strawberry is due for release) and maintaining the standards of his existing range. The wines are good and have the awards to prove it; the elderflower wine won a silver medal in the International Wine & Spirit Competition.

"We set Lurgashall up in a quality image," Schooler concludes. "It's a classical start-up situation; you lose money, and then just when you're starting to make money, the bank steps in and wants more of it. Things will happen as time goes on. But from a company standpoint, it's magnificent how we're expanding."

■ *Lurgashall Winery, Windfallwood. Lurgashall, near Petworth West Sussex CUSS 9H, 0428-78292. Shop hours are Mon-9-5; Sun 12-4.30.*

Computing

Christmas reading for software set

David Carter picks self-teach computer books to give this year

WITH Christmas coming up it's stocking filler time. If your loved one is getting grumpy because he or she is getting nowhere with the new computer package, why not give a self-teach book to replace that difficult software manual?

From the large number of self-teach books available I have made a personal selection, broken roughly into three categories. The first is the introductory guide of around 100-200 pages which helps you get your bearings. The second, is the more comprehensive guide of 400-700 pages which takes you through the foothills and beyond to a more advanced level. The third is the applications-oriented book which, rather than how it works, shows you what you can use the package *for*.

I have relied heavily on titles from the master, Alan Simpson. Recently a client and I were working through his *Understanding dBase IV.1.* Two hundred pages of tutorial were flawless – crystal clear, perfectly paced: you had the uncanny feeling that Simpson was reading your mind. Introductory books tend to be priced around £10, mid-range £15-£25, and the applications books (which come with "templates" already set up on a floppy disk) around £30. If you cannot find them at your local bookshop, try ordering directly by credit card from Computer Manuals on 021-706-6000 or from Parks Bookshops 071-928-5378. Many beginners to computing start by buying an Amstrad PCW 9512, which has recently been relaunched with a bubblejet printer. But be warned: the manual is truly terrible. If friends have bought a PCW and are on the point of giving up, give them a copy of *Using the Amstrad 9512* by John Campbell and hope will revive. The more experienced PCW user will appreciate *Exploiting the Amstrad 9512* by Campbell and Marion Pye (both books by Heinneman Newtech).

Some weeks ago we had a reader struggling with Microsoft Works. Out of a dozen or so books I would recommend *Using Microsoft Works,* by Douglas Wolf (Que). On the applications side *Putting Microsoft Works to Work* by Cobb and Parker (Microsoft) shows you how to use Works for all sorts of jobs including budgets, mailing lists, and time recording. An essential purchase for any Works user (disk available separately).

Another integrated package is PFS: First Choice for which I recommend *Using PFS: First Choice,* by Katherine Murray (Que). And for sentimental reasons I have to include Douglas Cobb's superb *Mastering Symphony* (Sybex) on which I learnt Symphony.

There are hundreds of books on Lotus 1-2-3 . I like three from Sams – the really excellent *10 Minute Guide to 1-2-3* by Murray and Sabotin, *Best Book of Lotus 1-2-3,* by Simpson, and *Lotus 1-2-3 in Business* by Michael Griffin which comes with a disk full of applications at the back. (NB check the release number of your software). For the Supercalc user try *Using Supercalc 5,* by Perry and Lateer (Que).

On the word processing front Wordperfect is the market leader. Simpson has written the definitive blockbuster *Mastering Wordperfect 5.1.* (Sybex). For a quick start try the *10 Minute Guide to Wordperfect 5.1.* by Katherine Murray (Sams). The more experienced Wordperfect user might appreciate the tips and examples on how to use the immense power of this program, which may be found in Simpson's companion *The Wordperfect Cookbook* (Sybex). Or if they want to realise its desk-top publishing potential, try *DTP with Wordperfect 5.0, 5.1* by Roger Parker (Ventana Press). In the Wordstar stakes, *Wordstar 6 Made Easy,* by Walter Ettlin (Que) is popular.

When it comes to databases, Simpson reigns supreme with his *Understanding* DBase IV.1, and *Mastering* Paradox. If you are a new Q & A user try his *Up and Running with Q & A.* (all Sybex).

For those who fancies themselves a bit of a whizz on computers, *Running MSDOS* by Van Wolverton (Microsoft) will make him the perfect gift. *The* definitive and *comprehensive* book on DOS, it is nonetheless "written by a human being, for a human being, in a strange and wonderful tongue: English".

At a lower level, the newcomer to computing will appreciate the *PC Crash Course and Survival Guide* by Peter Harrison (PC Productions). Finally, if you want to explore the world of Windows, a couple of good introductory books are the *10 Minute Guide to Windows,* by Murray and Sabotin (Que) and *Up and Running with Windows 3.0* by Gabrielle Wentges (Sybex).

■ *In spite of its odd title, The New Hacker's Dictionary,* edited by Eric Raymond (The MIT Press, 14 Bloomsbury Square London), could be a welcome present for someone with a general interest in computing, writes Max Wilkinson. The word "hacker" is used in its older sense of programmer. Nor is this a dry reference work. The entries amount to a spicy and sometimes provocative survey of the world of computing, while providing a useful explanation of difficult terms that sometimes crop up in advertisements of manuals.

This is not a book for people who want to know the difference between RAM and ROM (random access and read only memory). It is more a window into the hacker's world – as in "Easter egging" (The act of replacing unrelated parts more or less at random in the hopes that the problem will go away); perhaps a book for the smallest room in the house of an amateur programmer, to warn him never to stray into the dark woods of the professionals.

Back tax on mileage

SINCE I was appointed a director in 1983 I have had the use of a 12-seater Land Rover instead of a company car.

The Inland Revenue was informed of this and has annually questioned why I have needed such a vehicle. The Revenue has always been satisfied with my replies.

Under the new rules governing the use of commercial vehicles by directors and employees, I am now to be taxed on private mileage, including the distance from home to work and back.

Unfortunately, my accountant now informs me that I will also be liable for tax on previous years! Can the Revenue make a retrospective judgement when until April 1991 it has accepted my using this particular vehicle?

■ On the facts outlined, we see no reason to doubt what your accountant has told you. On July 26, the Inland Revenue issued a statement of practice on cases where it seeks to recover unassessed or underassessed liabilities. You may like to write for a copy of this formal statement (SP8/91 – Discovery assessments) to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London. WC2R 1LB.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A rocky marriage

MY SON'S marriage is heading for the rocks, with little chance of avoiding them. Because he has vested the major part of his resources in his wife, he stands to be left destitute by any divorce settlement. Also, because his wife appears to be psychologically unstable, the welfare of their three children may be at risk.

Can I rewrite my will so that, if I should die before any divorce settlement is final, his inheritance would be in a discretionary trust for his benefit, but not assessable as part of his wealth?

If I should put part of the inheritance in a separate trust for his children, might he be one of the trustees without affecting the safeguard?

■ Yes, you can effect a discretionary trust as you suggest. However, you may wish to consider giving your son a life interest on protective trusts (ie preventing it from being alienated) with remainder to the children.

Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Birse Group	50,000	61	1
Booker	2,340	11	1
Brooks Service Grp	25,000	25	1
CIA Group	72,000	104	1
CML Microsystems	620,000	2,250	4*
EMAP	10,000	25	1
Gleeson (MJ) Grp	5,000	45	1
Hawker Siddeley	88,216	645	1*
Lloyds Chemists	44,042	133	1*
London Intl	78,600	226	1*
Merchant Retail Grp	500,000	183	1
More O'Ferrall	16,000	37	1
Prowting	12,500	20	1
Sheffield Insul	300,000	330	1*
PURCHASES			
Allied-Lyons	2,000	12	1
Bunzl	27,500	22	2
Casket	1,100,000	231	2
Clyde Petroleum	20,000	16	2
Evered Bardon	100,000	66	1
Ferry Pickering Grp	14,000	14	3
Goodhead Group	305,050	134	1
Molins	18,000	60	5
OMI Intl	25,000	13	1
Penna	33,000	27	2
Perkins Food	32,570	49	1
Richardsn Westgarth	20,000	10	1
S'son, Murray & Eld	11,000	53	2
Shield Grp Con Pref	299,467	22	1
Simon Engineering	7,000	15	1
Toye & Co	9,375	19	2
TSW-TV South West	100,000	48	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 2-6 December 1991.

Source: Directus Ltd, Edinburgh

ONE-OFF transactions dominate our sales column this week and CML Microsystems is the only company where more than one director is selling. Three directors exercised options and sold the lot, while chairman George Gurry exercised and sold 60,000 shares, but also sold a further 400,000 reducing his holding to just under 4.4m. The share price has more than doubled since the beginning of the year.

Molins has finally shrugged off the unwanted attentions of US-based Leucadia. The latter's 48 per cent stake was recently placed with institutions, but directors took the opportunity to top up their own holdings, buying a total of 18,000 shares at 332p. Not surprisingly the shares retreated at the announcement of Leucadia's sale, but they remain well above the levels of earlier this year.

A large purchase in TSW-Television South West comes after the company failed to retain its ITV franchise, but just before the announcement that it had won a judicial review of the ITC's decision.

Last week we highlighted buying in quarrying company Evered Bardon and now we see more of the same. Chief executive Peter Tom has bought 100,000 shares at 85.5p bringing his total holding to almost 11m shares. Tom was formerly chairman of Bardon before it merged with Evered.

Angus MacDonald,
Directus Ltd

PROPERTY

Cash in on your house

MUCH OF the peerage has long been land-rich but cash-poor. Hence the Social Season – the rigidly coded marriage circuit which enables new money to be grafted on to old titles by marrying off well-bred youngsters to well-heeled ones. Few property-rich but cash-poor homeowners can extend that principle to their lives. Owners with *low-mortgage or mortgage-free* homes who lack free cash need to review more prosaic options to turn their real estate into spending money.

In the mid-1980s, the UK's demographic forecasters said that in a country in which 7.3m homes have a head of household who is at, or above retirement age – 3⅓m of which are owner-occupied with paid-off mortgages – demand for purpose-built retirement properties would be at least 80,000 to 100,000 a year until the century's end. No-one has argued with the notional figures. However, what they failed to take account of is the extreme caution indicative of the sector. Older owners do not rush into change – evidence of the inertia is that few of these sheltered homes have been completed since those forecasts were made.

There is further evidence of inertia in the age profile of people who do buy such properties. Sheltered housing schemes are aimed at people aged 55 and above, but the industry-average age for buyers is in the late 70s. The blunt truth is that most people do not take seriously the business of matching their housing to their changing needs. Yet, they do have a broad choice.

At the top of any list of how to turn bricks and mortar into cash has to be the one thing that many older owners think that they do not want to do – which is to sell. One of the most effective ways of putting the emotional bar to the sale of the family home into perspective is to analyse its running costs. Quite apart from the easier management of a smaller property, the running costs, especially of a newer property, should make for continual savings.

What about prices? After two years of falling values, many older homeowners are reluctant to accept that they can sell only at a price which ignores the high points of the housing market in 1987-1988. That is a "mind-lock" that should be irrelevant to anyone who bought earlier.

Unless an owner did buy at those peak prices, the only "value" that has been lost is *notional. The "loss" of cash is* as real as the football pools fortune that could have been won by someone who does not do them.

Some may find that their house has hidden value. If you do not use all of your home, why not let part of it?

Owners of detached houses have a host of potential separate-entrance options. Since the 1988 Housing Act, renting part of the house need not involve any of the old problems that made landlords and tenants a wary combination. The "assured tenancies" created by the Act make it easy to let part of your home at a full *open market price on terms* which ensure that you can end the letting if there is any problem.

The Association of Rental Agents, which represents several hundred agencies across the UK, can provide the name of a local specialist rental firm.

Looking at your house through the eyes of a stranger can inspire sources of alternative income. It might not be the property itself that has hidden earning power but the location, even if that locational value might be only occasional.

A classic example of this would be properties near the Wimbledon tennis courts in south-west London. For 11 months of the year, these are pleasant family houses. For one month each year, from a week or so before the tennis championships, they are extremely highly-valued furnished homes for rent.

A racecourse in the neighbourhood, any significant sporting event, a carnival or a regular exhibition could provide the periodic attractions that draw in high-paying home renters. Homeowners can find it surprisingly simple to arrange for such *windfall* income by contacting local rental agencies.

If there is no appeal in a sale, in the division and part-renting of a house, and no success in finding windfall income, there is still an array of possibilities for raising cash on a house.

Re-mortgaging has become increasingly easy for older owners. However, loan advertisements offering mature homeowners the "benefits of a re-mortgage" at a highly competitive rate have to be treated with care. Often, it is difficult to distinguish between an expensive re-mortgage and a sensible one in any "off-the-page" coupon-reply advertisement.

A number of lenders now offer interest-only loans to older owners. If they plan to live in their home for the rest of their lives, the capital cost of such loans will be of interest only to the inheritors, since a *slice of the sale proceeds will* go to the re-mortgage lender to pay off the capital sum.

It is possible to get an interest-only re-mortgage where the interest charges are "rolled-up." In such cases, the capital sum is increased by the amount of interest that would have been paid, and that sum total comes off the proceeds when the property is sold. One key point is that there is no tax relief on rolled-up interest charges. As a result, the unpaid interest can build up to quite a sum over the years.

One useful option is to resist the temptation to pay off every last penny of the mortgage when the loan is coming to an end. Leaving a few pounds outstanding means that the lender keeps the deeds. That saves worrying about where they are, and also means that most of the paperwork is in place if you do decide to raise a fresh loan.

It is now possible to arrange a normal repayment mortgage loan for periods of ten to 15 years, even for owners well beyond retirement age. Different lenders apply different rules.

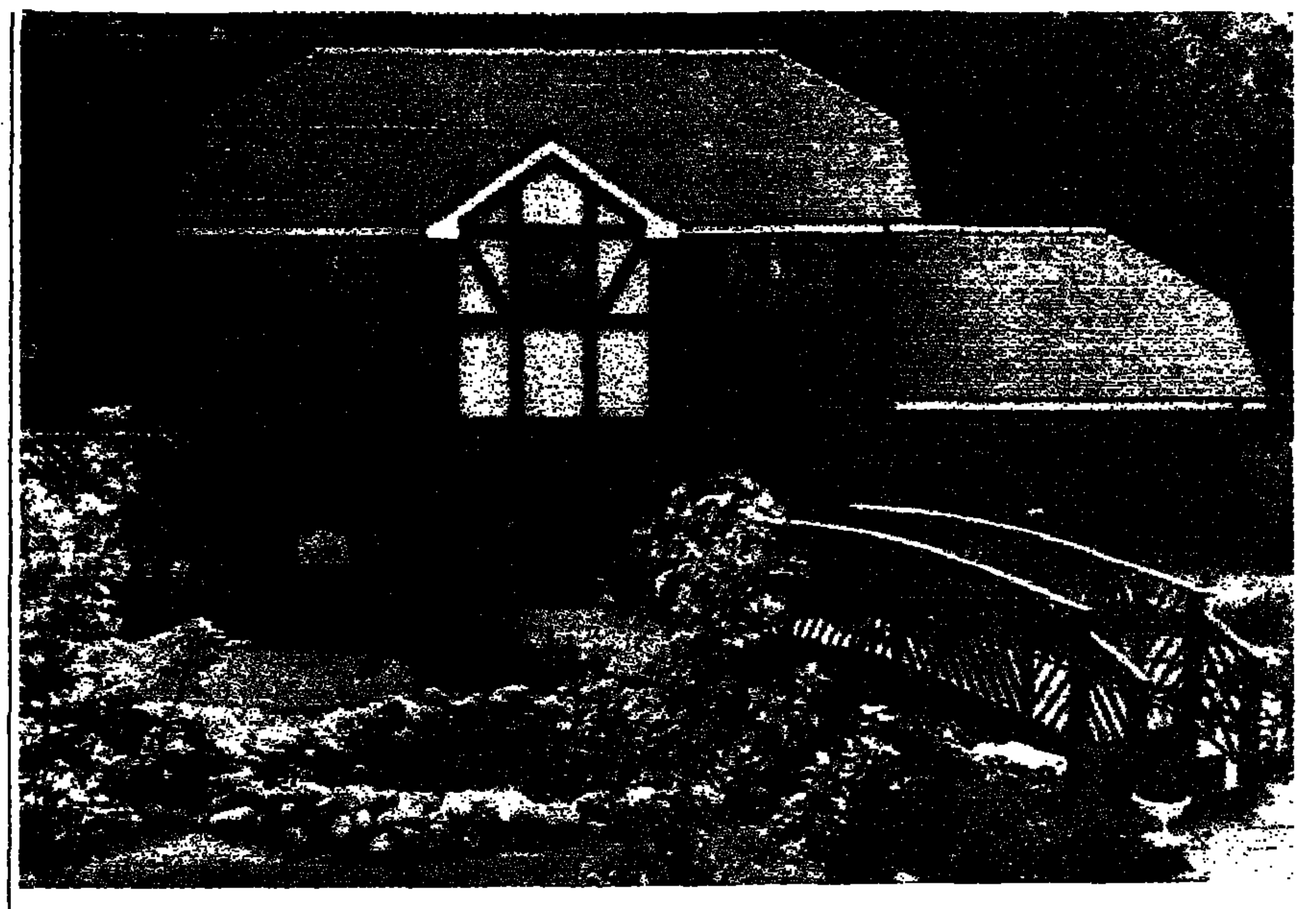
More formal cash release schemes for older homeowners fall into two main types: home income plans and home reversion schemes.

Home income plans – or mortgage annuity schemes – are, in essence, interest-only re-mortgages of the property. A loan of up to 65 to 70 per cent of the property's valuation is made and the money is used to buy a lifetime income through an annuity. Part of the annuity income pays off the interest; the rest is retained by the occupiers. These plans are repaid when the property is sold, and any surplus of sale price over the loan and repayment goes to those who inherit the estate.

Home reversion plans are quite different, and mean the *sale of the home to a company* for a lump sum. The cash raised can be used in any way the "owners" want; except they would have sold the property for a comparatively cautious percentage of its open market value and retain only a lifetime right to occupation. On the death of the last occupier, the property reverts to the home reversion company. Both schemes have strengths and weaknesses.

One sound investment for anyone considering raising money from their home, or trying to advise an older family member on a possible move, is the latest edition of David *Bookbinder's book for Age* Concern, *Housing Options for Older People*, available from Age Concern England, 1268 London Road, London SW16 4ER, price £4.95 including postage and packing.

John Brennan



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An island of treasures

David Hoppit on properties for sale on the Isle of Wight

THE RUDDY-faced ploughman sucked on his pipe. "That's just a load of yoppul from they overners," he chuckled. We were on the Isle of Wight. Rumours of plans for a bridge from the mainland were circulating once again.

"Overners" are what islanders call anyone in the world unfortunate enough not to be born on their 147-square-mile meadow-clad lump of chalk off the south coast of England. "Yoppul" means, well, yoppul . . .incessant, useless gabble.

The Isle of Wight is England's largest electoral constituency, with 101,784 voters. At least a quarter of the island's inhabitants are "overners" who chose to retire to what has become known as the Garden Isle. The word "Wight" is thought to mean "raised from the sea." In fact, the sea is stealing it back by erosion.

There are about 50,000 households on the island, 75 per cent owner-occupied. Employment has seasonal highs and lows depending on the holiday trade; overall, unemployment is among the highest in southern England.

House prices tend to fluctuate. According to Godfrey Winterson of Fox and Son (part of Royal Life), these were running at about 25 per cent below *mainland UK averages in 1987.* The 1988 boom brought prices to within 10 per cent of mainland averages. Now they have slumped – but not to the same extent as in some mainland locations. Industrial space is letting for £1.25 a square foot and office suites for about £4 a square foot.

The climate is mild, and the island has a gentle beauty. Tennyson stayed there for years, taking a daily walk from Freshwater to the Needles. Osborne House was a royal residence from 1845 until Queen Victoria's death in 1901.

The island's most exciting new development is in the *heart of Cowes, overlooking* the harbour. John Lelliott has just completed the first phase of Admiral Gardens: flats and penthouses with between one and three bedrooms, set in four acres of gardens. Built to a high specification, these are attracting buyers as holiday homes and for retirement.

A total of 80 flats will eventually be built. The price range is £52,500 for a one-bedroom unit, up to £250,000 for a penthouse with views across the Solent (details from Watson, Bull and Porter).

One of the most welcoming houses on the market was built in 1840 at "The Pitts" at Bonchurch. The four-bedroom Cliff Cottage, with a a sun terrace and a view of the Channel, stands in an acre of gardens. *Fox and Son suggests a price of* £225,000.

The same agent is offering the Shell House, in East Cowes, at £82,500. The house was a gift from Queen Victoria to a fish seller who had smacked a couple of boys for being naughty; one of them turned out to be a prince. The Queen commended him for his action and gave him the house, which he covered in shells to show his gratitude.

For £290,000 Savills has Downcourt Manor, in nine acres of grounds on St Catherine's *Down near Whitwell.* Rather cheaper, at £220,000, is the Tower House in Binstead, built in about 1860. Its gardens lead down to a private slipway and the sea.

Albert Cottage – actually a rambling mansion, once part of the royal Osborne estate – includes six self-contained apartments in addition to the main rooms. Carter Jonas thinks its future may be as a leisure enterprise; the suggested price is around £525,000.

For a buyer who would like to look at the Isle of Wight but prefers to keep his or her feet planted on the mainland, Paul *Jackson of Lymington* is selling his own house, at Keyhaven. Vidle Van Farm dates from 1640 and has views across countryside to the Solent and the distant island. Offers around £575,000 are invited – and plans for a bridge remain a load of yoppul.

PERSPECTIVES

A voyage to the end of history

Nicholas Woodsworth visits the breakaway state of Georgia

MANY YEARS from now, when the dust has settled and consensus has emerged, wise men in quiet rooms will write the history of the break-up of the Soviet Union.

With the benefit of hindsight, with selected facts and well-ordered arguments, the happenings of the early 1990s will take on a shape and fall into a larger pattern of meaningful events. The wonderful thing about history is that it looks so reasonable. Nothing, of course, could be further from the truth when history is actually in the making.

Not long ago, I flew 2,000 kilometres south from Moscow to the remote Georgian capital of Tiblisi. Georgia, in breaking away from the Soviet Union to pursue a new economic and political life, is in the midst of serious changes with very real consequences. Nonetheless, Tiblisi is a place of such anomaly, confusion and high emotion that it rapidly became somewhat unreal to me, a city of comic pantomime where absurdity has taken over from daily life. Those images of Georgia that remain most strongly with me are, unlike history, not reasonable at all.

■ ■ ■

On a dark and fog-bound Moscow night, some 350 people stream across an icy runway towards an aircraft waiting to take them to Georgia. With them, I stand under the belly of an Ilyushin Il-86, a monster of an aircraft with four separate entrance bays. For half an hour, we wait in a blast of jet fuel fumes and the deafening roar of the aircraft's engines. Finally, the hydraulic gear operating the bays is unjammed and the crowd, grown tenser by the minute, surges forward.

These days, Aeroflot is as chaotic as the government that owns it. There are many more passengers on the tarmac than seats on the aircraft, and nobody wants to be left behind. I wonder what the last flight out before the fall of Saigon was like. It cannot have been worse than this.

Ham-fisted stewardesses, their over-made-up faces contorted with rage, beat back the crowd. The crowd beats back the stewardesses. There are shrieks and shouts as men barge past old women. Babies are passed overhead from mother to father. Enterprising and athletic young men climb up to the aircraft on the *outside* of the stairway. There are denunciations, disputes, denials and ejections.

When the doors finally are closed, the aircraft skids and judders down the runway for take-off. What scares me is not my broken seatbelt but the dozen or so homeward-bound Georgians who have managed to stay aboard without seats. As the aircraft lifts into the air, they are standing in the aisles casually blowing clouds of smoke and tapping cigarette ash on the floor. I do not blame the black exchange student beside me who closes his eyes and crosses himself. Rural African bus rides are organised better.

■ ■ ■

God forbid I should ever have dealings with Third World professionals trained at Soviet universities. For three nights in Tiblisi, I stay with my new African friend at a residence for post-graduate exchange students. They come from countries of which we in the West are not overly trustful – Syria, Yemen, Libya, Vietnam, Bulgaria and the like. Perhaps, in the end, we are right not to trust them.

These young men are supposed to be studying complicated things – physics, biochemistry, medicine. My African friend is supposed to be studying cardiology. The trouble is that, like everyone else in the residence, he has no time for study; he is too busy hustling.

His bursary may not bring him much to live on, but having a foreign passport in the Soviet Union is one way of making a quick turnover – it allows travel and access to hard currency. My friend may be a bit hazy on the details of by-pass surgery, but he has perfected the art of bringing carloads of jeans from Germany into Russia.

I meet chemical engineers living on foreign exchange speculation, urologists making small fortunes on computer software imports, astro-physicists unloading cut-rate CD players.

In fact, it is perhaps a good thing that, since the latest unrest, the university has been closed down altogether. It gives these students more scope for their talents.

■ ■ ■

Russia has stopped sending food and essential goods to Georgia. The shops are empty. The people are in need and suffering. That, at least, is what the papers say and what my eyes tell me. But do the Georgian people know it?

I am unable to spend much money in Tiblisi, not because of shortages but because nobody will let me. At the end of a meal in a restaurant, I discover the man at the table next to mine has paid my bill. Taxi drivers refuse to take money from me. Strangers invite me home for feasts.

In the Desertiris Bazari, Tiblisi's largest market, a ragged old women insists I take gifts of radishes and aubergines; things she could sell and I do not want. Why? I ask her. You are our guest, she replies; foreigners must be shown hospitality. What would this woman make of London? I wonder.

■ ■ ■

The Hotel Tiblisi, on Rustaveli Prospekt in the centre of town, was built before 1917 and is full of mouldering, pre-Soviet elegance. It is also full of bullet holes and broken windows. What it is not full of is guests; few tourists these days show much stomach for the gun battles and bloody demonstrations that have raged up and down the street outside in the past few months.

How much is a room? I ask the Intourist guide at the desk there one morning. The reply is firm: "$120." That is the official government price and there is nothing for less.

By afternoon, when I stop in again, the official price, it seems, has dropped to $80. By evening, rooms at the Tiblisi can be had for $32. And if that is too much, the clerk can find me a room in a private house for $8. It is not only students in Georgia who have discovered elasticity and the free market.

I move into the Tiblisi and spend my first evening watching Donald Duck cartoons in the lobby with National Guardsmen who have dropped in during a night patrol. There is something about the giggling of stubble-chinned men cradling Kalashnikovs that unnerves me.

■ ■ ■

The gun-toting guardsmen who saunter up and down Rustaveli Prospekt are not the toughest characters in town. Just a hundred yards up the street, in front of the sand-bagged Georgian parliament building, a large party of squat, leather-faced peasant women – twice as tough – is ensconced.

They have been bussed-in from the farms and villages of Georgia's rural provinces. They sleep in tents on the side-walk, blow their noses on their fingers, and spend the days in rough political harangue.

Through a Georgian-speaking friend, I ask one of these women what she is doing here. Protecting the national revolution and the president, she barks back. Who was elected by a landslide? she asks. President Gamsakhurdia, she answers.

Who declared independence from the Soviet Union? Who is Georgia's greatest anti-communist? Strongest nationalist? Who now is being attacked by Georgians who care nothing for their country? Every patriot, she spits, must rise to the defence of President Gamsakhurdia. A band of armed criminals and traitors is out to do its worst and bring him down.

■ ■ ■

In a camp to which they have retreated in the hills above Tiblisi, I meet the criminals and traitors. In gold-framed glasses, runners and a track suit, Tengez Sigua looks like a businessman, which in a way he is. Until recently, Sigua was President Gamsakhurdia's chief economist and Prime Minister. Today, he is a leader of outlawed political opposition to the Gamsakhurdia regime.

In camouflage fatigues and combat boots, Tengez Kitovani looks like a military commander, which he is not. Although the President appointed him head of Georgia's National Guard some months ago, he is by profession a painter. These days, he commands the faction of the guard that has broken away from, and now opposes, the Government.

The economist and the painter may be tired and worn out, but they have not given up. They cannot afford to – the President has declared them coup leaders and they remain free only in this camp of armed supporters.

Tengez and Sigua tell me long tales of woe; of the jailing of political leaders, the bloody breaking-up of opposition rallies, the imposition of media censorship. They speak of sweeping presidential powers, corruption and cronyism, and a total failure to move towards democratic government and a liberal economy. Neither Europe nor the US will have anything to do with independent Georgia. Authoritarian Soviet rule, it appears, has been replaced by Georgian dictatorship.

■ ■ ■

Battling air hostesses, painters turned military rebels, armed Donald Duck fans – the closer one gets to the events in the trans-Caucasus, the more chaotic and confused they seem. One thing, though, seems clear – in the elation of independence, nationalist emotion has proved stronger than political and economic reason. To the outsider, the result is sometimes comic absurdity. For the moment, however, Georgians are not laughing. It will be up to the historians of the future to determine whether they have not, in fact, been taking part in a long-term tragedy.


Weary of change: an old woman is overshadowed by Georgian National Guards

Where health means wealth

Chrystia Freeland reports from a playground of the Soviet elite

NIZHNA Arianda, the exclusive sanatorium which was once the preserve of the Soviet Cabinet of Ministers (including Valentin Pavlov, the disgraced former Prime Minister), will soon open its doors to Western businessmen. The shift illustrates how the basic commodity which fuels the Soviet system is changing.

In the past it was *blat*, or influence, and nothing flaunted it better than a luxurious dacha in Yalta. Now it is money, preferably foreign money, and the status symbols of the old regime, soon to be transformed into tourist hotels, are seen as a good way of earning it.

With an openness to foreign currency comes an openness to foreign journalists. Thus, I recently became one of the first two Western reporters to penetrate the elite compound perched on Crimea's rocky coast overlooking the Black Sea.

As we drove through the high steel gates in a silky black Volga – the *apparatchik's* car of choice – I felt a not entirely wholesome thrill. The Soviet Union is so shabby, its potential so vast and its government formerly so severe, that one imagines its ruling class to live in obscene splendour. Where else would all the loot go? What else would make the system worthwhile?

These mysteries are still unresolved, because the sanatorium itself was a bit of an anticlimax. Our winding descent through the lush sub-tropical Crimean forest was not rewarded by a breathtaking vision of Imelda Marcos-style excess. Instead, a modest but immaculately clean, three-storey post-war building, nicely framed by the palm and cypress trees in the foreground and the sea behind, swung into view as we rounded the last corner.

Inside were two-room suites outfitted with all the standard features: television, radio, a functioning toilet. But apart from the telephone – which connects the top few thousand Soviet leaders and, in contrast to the phones used by the average citizen, actually works – we uncovered no traces of shocking extravagance.

The most powerful men in the Kremlin took holidays in hotels just slightly less comfortable than the average Hilton. The highest praise Viacheslav Pishchenkov, the deputy director, could lavish on a particularly nice piece of fake antique furniture was to explain: "It's from the West."

Of course, through Soviet eyes – and after four months here I sometimes feel I am developing them – the scene would look a little different. Nizhna Arianda is clean, its residents are happy and its employees offer service with a smile. It seems, in short, not to be a part of the Soviet Union, an assessment with which Oleksander Baranovsky, Yalta's deputy mayor who escorted us on our tour, agreed.

The biggest perk Nizhna Arianda had to offer the tired *apparatchik* was privacy. Although almost all the 120 rooms were occupied, we encountered only five other people during our afternoon stroll through the spacious grounds, from the sauna to the tennis courts to the pebbly beach. This is a privilege indeed when contrasted with the standard Soviet experience of cramped apartments, overcrowded public transport and jostling queues.

The other luxury was a sense that comfort was important. The Soviet Union is a country where telephone operators regularly hang up if a customer's request seems too tedious, a flight attendant's normal tone of voice is a shriek and cashiers customarily curse anyone who has the audacity to disturb their personal chats.

In these circumstances, Nizhna Arianda's considerate staff were an unaccustomed balm. Our delicious three-course meal was served promptly and politely. Everything from the park paths to the bed linen was pristine. Someone had even bothered to ensure that the bathroom tiles matched the upholstery in the sitting-room.

Pishchenkov is confident that another selling point with Western executives – the first batch is due to arrive this autumn and will pay $2,000 (£1,130) for 12 days of full room and board – will be Nizhna Arianda's extensive medical facilities.

The sanatorium has everything a hard-working Soviet bureaucrat might need: from examination rooms complete with treadmills and encephalograms to a newly-invented Soviet device, produced by a former defence factory, which treats ulcers with shortwave radiation. But, as we tried to explain, few Western business people will be queueing to have their dental work done in the Soviet Union, no matter how competitive the price.

Pishchenkov and his staff do have one quality sure to appeal to the foreign executives they would like to attract – discretion. Pishchenkov allowed that the days of the coup "were very frightening," all the more so because Nizhna Arianda was packed with government officials whose jobs hinged on the putsch's outcome. But although Pishchenkov let slip that many of his guests arrived as Cabinet ministers and left as ordinary citizens, he refused to name names.

All the same, Yalta is unlikely to mourn the passing of the days when it was "the bedroom of the Communist Party." Baranovsky explains: "Every summer we used to tremble because not just one minister came here, all of them did." He realises that Western business people may have more exacting standards than the Soviet nomenklatura, but thinks that they will be less stressful guests. After all, the most severe punishment they can mete out for unsatisfactory service is to leave a miserly tip.

Hobby Horses/Nigel Spivey

Superhumanist effort

UNDERSTANDING abstract art is apparently as straightforward as understanding Chinese. Once you learn the language, you can discern good and bad in what it says. So the theory goes: but most of us never manage to master the discourse of abstraction, and feel properly thwarted when we go to an art gallery and find ourselves in front of a pile of bricks, or random splodges on a canvas.

"Superhumanism" is the antidote to bricks and splodges, and all the other hocus-pocus of 20th century art. Part of its genesis is owed to the late Robert Knight, who observed that people at an exhibition were, in fact, more interested in looking at each other than at the pictures: so, he made casts of people and turned them into exhibits.

This, in retrospect, was pure Superhumanism. It held a mirror to people as they were, not as they would like to be. If anything can be distilled as the essence of Superhumanism, it is that vision which is trained upon humans rather than angels. But it would be silly to wax art-critical about this. "Superhumanism" was thrown out as a sop to the art critics by a gallery owner called Nick Treadwell, to give them a Movement to conjure with. As we all know, art critics get very lost without Movements, Schools and so on.

The term brought immediate respectability to divers artists whose only combination came from Treadwell's display of their work in one place. That place used to be a gallery in London; then a gallery near Dover; and now, a gallery that occupies four floors of a former textile mill in Bradford, West Yorkshire.

Treadwell is not immune to the irony that his insincere coinage of the term "Superhumanism" has now turned into a credo; but he believes in what it stands for as strongly as ever he did, and it is obvious that his enthusiasm for this rigorously androcentric art is infectious.

On the Continent, several successful Superhumanist shows have been staged; and the gallery in Bradford, a model of what can be done to regenerate a potential eyesore, has arrived at the point of further development.

A visit to Treadwell's Art Mill, in the Little Germany quarter of Bradford, will horrify the connoisseurs of non-figurative art. It is a forest of figures. Many of them are life-size, or over. No single technique of depiction dominates. Some are cast bronze. Some are modelling clay. Some are made of junk, and some are done on conventional canvas.

As in any assemblage, some pieces command your attention for longer than others. But even a lover of the abstract would find it hard to get through this gallery dispassionately. Many of the exhibits raise a laugh, many others provoke pain or displeasure. This is all intended. Although the episodes of everyday life are the stock subjects of commemoration, their treatment is not bland.

In the true sense of the word, this art is mundane. It deals with the world and all the flow of life – with its chuckling surface, its abrupt turns of violence and pain, and its steady undercurrent of eroticism. The obvious disappointment is that while Superhumanist artists make you laugh, or think, they do not elevate. The anchorage to mundanity means fixed prohibition on elevating art. Two old ladies, complete with Tesco carrier-bags, are as worthy of sculptural attention as Boadicea in her chariot: and that is a feature of this gallery which requires a re-thinking of one's usual expectations before Art with a capital A.

The common complaint about the exhibits, to which Treadwell seems inured, is that such-and-such a piece – perhaps Marilyn Monroe, crucified – is done in bad taste. Treadwell's reply, that life can be in bad taste, hardly counters such criticism. It remains a risk that he runs. As it is, expect your snack at the gallery's vegetarian cafe to be complemented by some sticky anti-carnivorous images in the exhibition. Some of this Superhumanism requires a strong stomach.

Children love the gallery. Treadwell not only provides studio space for artists on the top floor, but also space for young Superhumanists. Their debt to *Spitting Image* sometimes gets the better of them, but they revel in the style. One of the best-represented sculptors at the gallery is Graham Ibbeson, whose work any child would adore: his figures jump straight out of children's comic strips. This makes it an excellent place for a family outing, and is capped by one important consideration.

The entrance fee is half what it costs to get in to see the Pop Art exhibition at the Royal Academy in London; and my reckoning is that Superhumanism at Treadwell's offers at least twice the value of Pop at the RA.

■ **Treadwell's Art Mill, Upper Park Gate, Bradford: open daily, 10am to 6pm. Tel: 0274-306 065.**


Bath of Venus 1991, by Sean Read in paper pulp

As they say in Europe/James Morgan

Major's last stand

"BRITAIN free to debauch pound and exploit workers" was the headline I hoped to see this week. But in the end the continental media were more generous than that.

El Pais thought that John Major had served Spain's interest in four key areas, from the social charter to majority voting. *Le Monde* hoped it was the last battle against Thatcherism. But it highlighted the ammunition the British had been given – the social chapter in the treaty. It enabled the British to conduct a "merciless and excessive struggle against it which almost wrecked the whole edifice."

Die Welt of Hamburg decided that in the end it was all stitched up by "Ruud, John und Helmut." But it quoted the Dutch leader Ruud Lubbers as saying: "It was almost the same as before, only he didn't have a handbag." For most papers, though, it was a case of "Eleven ahead, one who follows," as *Liberation* put it.

British tactics in the run-up to Maastricht can, in retrospect, be seen to have been mistaken. Major should have appealed over the heads of his partners to the baser instincts of the peoples of Europe. It was only four days before the summit that the Germans really started to get alarmed about the implications of a single currency.

The *Bild-Zeitung*, which is about the nearest untutored foreigners can get to the *Sun* in London, was in good form. "The mark is being abolished – our lovely money," said the lead headline. Inside, Herbert Kremp ridiculed the idea that the stability of the Deutschemark would be transferred to the new Ecu. "In reality, it will be the reverse: the economies of our partners are not a patch on ours. Their public debt is galloping ahead and they find Germany's fear of inflation ridiculous."

The weekly *Der Spiegel* took up the cause: "The symbol of prosperity and stability must disappear, the Ecu comes. The Germans fear for their money. Is the price for Europe too high?"

On Tuesday, the organ of the late Franz-Josef Strauss, the *Münchner Merkur*, proclaimed: "If the D-Mark is sacrificed on the altar of Europe, in 1994 at the very latest there will be such a hurricane of rage that those who signed for Germany in Maastricht on December 10 1991 will be swept away."

The British did not play on German fears of other races who would mess up their "lovely money." Nor did they capitalise on fears of the Germans. The Dutch papers carried an opinion poll indicating "The Dutch aren't hot for Europe," as *De Telegraaf* of Amsterdam put it. The result showed that 45 per cent of those asked felt that the Germans would dominate the Community: only 46 per cent of this allegedly Euro-fanatic race actually wanted a united Europe. *De Telegraaf* itself said: "It would be no tragedy if the Summit failed."

The headlines in *Le Figaro* were revealing, too. "Germany leads, France follows." Another, reading "The victory of Germany," headed an article by a one-time minister and MEP, François Guillaume, who asked: "Must Germany be given in peace what it could not get in war?"

Guillaume, noting the achievements of the Federal Republic, continued: "But this economic success quite naturally evokes political ambition, and it pleases the Chancellor [Kohl] to appear as a good European. If he wants to be courted to achieve monetary union while raising the hurdle of convergence conditions, he also pushes political union, hoping to find in that the political authority he still lacks . . ."

To get back to the original point, though: the British government showed itself quite incapable of capitalising on the vast reservoir of ill-feeling and resentment revealed by these diverse quotations. One would even have thought that those bodies known curiously in Britain as "Euro-sceptics" and the Bruges Group could have descended quite easily from their high-minded hostility to foreigners, and their knavish tricks, to capitalise on the greed, fear and xenophobia that exists outside Britain as well.

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The Italian for "summit" is *vertice*, which always delights those who attend summits in Italy. The Dutch, we now learn, is "top."

■ *James Morgan is economics correspondent of the BBC World Service.*

FOOD AND DRINK

Austria's seasonal spirit

***Giles MacDonogh** meets a small producer of top-quality schnapps*

IN THE German-speaking world, schnapps is a generic term which encompasses the whole gamut of distilled alcoholic drinks. The range of native products is impressive compared with Britain, covering not only the vodka-style Korn of northern Germany but also gin lookalikes such as the Wacholderschnaps or juniper schnapps I tasted recently in Berlin.

In the wine regions to the west of the country, some of the growers make Geleger or Glöger from the wine marc or Trester (sometimes called Trebernbrand) from the press wine.

In Swabia and the Black Forest the speciality is fruit schnapps which is made from distilled fruit musts which capture the purest essence of a pear, a raspberry or a plum.

Across the Inn, the Austrians can boast schnapps which are every bit as good if not better. There, wine and fruit is used as the basis for distilling – not grain. The secret of Austrian success is a certain amount of *laissez-faire* when it comes to the local equivalent of the customs and excise.

Whereas in France freelance distillers or *bouilleurs de cru* are being phased out by the government, and in Italy wine producers are required to send their marc hundreds of miles to be transformed into grappa, the Austrians still make all their schnapps at home.

The result is fresher and there is far less danger of methyl alcohol developing in stale wine pressings.

There are still a few ruses practised by Austrian schnapps' producers, and this was brought home to me by one of the country's most highly rated distillers: Johann Zieser of Riegersburg in south east Styria. It was Zieser who told me about the sharp practices of certain apricot schnapps' producers who "lengthen" their fruit with water before fermentation, then bring back the flavour by adding apricot essence.

He fetched a bottle of Alsatian *poire*: "This is disgusting, it is made industrially. I have just one still, I make everything here!"

Zieser's handmade schnapps have made him the darling of the Austro-German wine press. He does not make much from his eight hectares of orchards, and what there is is gobbled up by a hungry market of hoteliers and restaurateurs from Vienna to Tokyo.

The top schnapps I was able to taste on a recent visit to Zieser's cellars was his Glockenapfel made from a local, bell-shaped apple; hence the name. All idea of Calvados should be put straight out of your head; Glockenapfel is a fruit schnapps made from healthy apples picked off the tree and not from the ground. The pulp is fermented just once and then run off into oak casks to round off the fruit and add a pale gold colour to the spirit. It is bottled after one year.

Glockenapfelschnaps has a wonderfully persistent sweet apple taste. Sadly, I was unable to try his Himbeer or raspberry schnapps as it had walked off the shelves straight after the summer bottling. A delicious quince schnapps, however, was available. Once again, Johann Zieser picks the fruit directly from the trees and does not wait for the bulbous yellow fruit to go brown and rotten on the ground. Trying it in October this year, I found the nose slightly reticent, but the Quitte came into its own on the palate with its marvellous taste of quince paste.

The quince schnapps differs from the Glockenapfel in that it is not housed in oak casks but is simply run into glass bon-bons and corked loosely. The same method is used for my personal favourite among Zieser's small range: his Kirsch or cherry schnapps.

Once again Zieser is careful to pick his cherries from the trees in his orchard. All imperfect fruit is discarded so that no taints or off-notes find their way into the distilled spirit. Four different varieties of cherry are used giving the schnapps a subtle and delicate cherry bouquet and a taste of creamy cherries in the mouth which goes on and on for ages.

It is Zieser's perfectionism which appeals so much to his restaurant customers. In Austria itself Zieser schnapps can be found in hotels like the Sacher or the Imperial in Vienna or in the city's best restaurants: Steirereck and Zu den drei Husaren. His schnapps is also available on Lauda Air and SAS flights.

■ Information: Johann Zieser, 8333 Riegersburg 66, Austria. Tel: 0 31 53/73 30. Fax: 0 31 53/74 80.

Appetisers

A very sweet wine treat

SWEET wines come into their own at Christmas and Fullers, the enterprising wine shops chain run by the west London brewer, has found a gorgeous bargain in its Mvscat (sic) La Croix St-Roch, £6.99. Labelled (unusually) with the impressively low vineyard yield of 25 hectolitres per hectare, it is scented and characterful but so sweet it needs a good chill.

At the same price, their Couilland Chardonnay 1990, grown in Muscadet country, is distinctly superior and classed-growth Château Belgrave 1983 a bargain at £4.99.

Scour Davisons' shops for a much wider range of mature claret bargains; and to get best value out of Marks & Spencer's wine range, use its thoughtful home delivery service.

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For any business traveller to London, and increasingly cost-conscious finance directors, there is some comfort in the prices on offer at the Colonnade Hotel in Warrington Crescent, Little Venice, London W9 (tel: 071-286 1052, fax 071-286 1057). This hotel has been in the Richards family for 44 years and room prices reflect the continuity of tenure. Standard singles with bath cost £60.50 and doubles £80. The prices include VAT, English breakfast and a 10 per cent service charge.

Underneath the hotel is a restaurant where, while the food and decor might not be exciting, the prices are reasonable – all main courses are £9.50. Inside the short wine list are some gems: Château Troplong Mondot 1971 is a bargain at £19.50. The hotel is a minute from Warwick Avenue Underground station and no more than 10 minutes' walk from Paddington BR station.

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Sausage maker Bill O'Hagan is busy producing his latest seasonal offering – turkey sausages. Working in south-east London, O'Hagan, his family and small staff produce 34 varieties. The sausages are available from his shop at 192 Trafalgar Road, Greenwich, SE10 (tel: 081-858 2833).

Franco Campioni: waits with charm and expertise

Front men fight back

Nicholas Lander calls for more magic in the dining room

I DROVE 100 miles to watch Franco Campioni, at work as the restaurant manager at the Manor House, Castle Combe, in Wiltshire, and I knew he would not disappoint.

In September, I had been one of the judges in the *Meilleur Ouvrier de Grand Bretagne Les Arts de la Table* final in which Campioni had been the star. One diner remarked that she would be happy if Campioni served her breakfast, lunch and dinner. He even impressed my sternest fellow-judge, Bernard Epp, proprietor of the Michelin three-star restaurant, Le Crocodile, in Strasbourg.

Campioni entered the competition with some natural and professional advantages. No more than 5 ft 2 in (1.57m) tall, he advances towards a seated customer at eye level – there is no possibility of intimidation. Quick and agile on his feet – he will be 50 next year – he is modest and has a natural, elfin smile.

He has retained all his charm in spite of 30 years of looking after restaurant customers. At the age of 14 Campioni enrolled at the Hotel School in Montecatini Terme in Italy and emerged top of his class in 1960. He wanted to work in Germany but was too young to sign an employment contract there and went to Bristol, in south west England, instead. Since then, he has acquired his restaurant and wine knowledge at various hotels and restaurants in the West Country as well as fluent Spanish and French from chefs and fellow-waiters.

The finals in which he excelled tested these skills to the full. To qualify, Campioni had to write an essay on the role of the restaurant manager and pass a practical semi-final round. The finals took two days. In the first half, Campioni and the other four finalists had to endure a 90-minute exam on wines and cigars, a 30-minute language exam and an identification of wines, cigars and cheeses.

Campioni had to take bookings, make flower arrangements and, with two unfamiliar waiters, prepare the tables. He had to seat and greet 12 customers, serve champagne, take the orders and show his flair in coping with a menu that asked him to perform the gamut of any waiter's skills.

He served soup from a tureen, carved chickens and racks of lamb, flambéed crêpes suzette, presented a soufflé, cut cheese and, finally, checked the bill. The judges stood and admired.

Sadly, the scope for these skills is rapidly diminishing. Over the past 20 years the centre of attention, power and influence in any restaurant has passed from the dining-room to the kitchen. Almost every modern dish is now cooked, plated and garnished by the kitchen staff, passed under the nose and eyes of the head chef, and then carried directly to the table. Waiters have become order-takers and plate carriers.

Consequently, many of the best young waiters have moved on to study wine and wine service because it provides a better outlet for their individuality. One of the principal goals of *Les Arts de la Table* exams is to encourage the young back into the dining room. But the biggest resistance comes not from waiters or customers but from chefs.

Those who enjoy good food would be delighted if Campioni carved a roast pheasant in front of them or, for dessert, were offered Campioni's particular favourite, a fresh, ripe peach peeled and prepared using a knife and fork. But for Campioni, and others, to have this opportunity the chefs have to hand back some of their power and rewrite their menus to give the waiting staff a chance to show off.

It is a transformation that is going to take a long time. Space and economics rule out a wholesale return to restaurant dining pre-1939 when cheap labour was plentiful. Yet, even today, many catering colleges still teach their students how to *flambé*, carve meat and fillet fish at the table.

After leaving college many students find their future employers unwilling to let them perform. The occasional dish, such as a rack of lamb or a Gressingham duck, carved at the table would prove another, very different reason for not eating at home.

Chefs will, however, have to change their attitudes as well as their menus.

As the finals were hotting up, and the five contestants were scurrying around their 60 customers, a door was thrown open and a number of top chefs swept in, expecting to be fêted and photographed. They were asked to step aside before they could interrupt the proceedings. But they had no doubt who were the stars of the show.

Let us hope that they will soon learn that although they can produce magic in the kitchen, others can produce it in the dining room – if they are given the chance.

■ The Manor House, Castle Combe, near Chippenham, Wiltshire. Tel: 0249-782206, fax 0249-782159.

FOOD AND DRINK

Where and what to buy

Merchants with a better-than-average selection from the overlooked 1987 claret vintage – best buy in brackets – include:

- Adnams, of Southwold, Suffolk. (Tel: 0502-724222). Ausone, £28.40.
- Anthony Byrne, of Ramsey, Huntingdon, Cambs (0487-814555). *Chasse Spleen*, £9.14.
- Berry Bros & Rudd, of St James's Street, London, SW1 (071-839 9033). De Fieuzal, £9.80.
- Corney & Barrow, of the City, London, EC1 (071-251-4051). Canon Moueix, £8.34, and many others.
- *Lay & Wheeler, of Colchester*, Essex (0206-764446). Chasse Spleen, £9.89.
- Lorne House Vintners, of Cranleigh, Surrey (0483-271445). Léoville-Barton £11.50.
- Mayor Sworder, of London, SE1 (071-407-5111). Mouton-Rothschild, £35.25.
- Morris & Verdin, of Pimlico, London, SW1 (071-630-8888). Certan de May, £17.50.
- *Thos Peatling* of East Anglia and London EC1 (0284-755947). Palmer, £14.99 and many others
- Raeburn Fine Wines, of Edinburgh. Sociando-Mallet, £8.25

Young and fetching top reds

***Jancis Robinson** monitors the progress of the best value vintage in Bordeaux*

Treading down the grapes for the Bordeaux vintage

ONE OF Bordeaux's *many traditional* rules is that you do not even think of drinking its top red wines before their tenth birthday – but that was before vintages like 1987, which is not only the cheapest but the most drinkable currently available.

In the old days you often *had* to wait a decade for even "light" vintages to soften because they were so high in acidity and, sometimes, harsh tannins. Since the widespread application of a second softening fermentation and greater understanding of the grape-ripening process, young red bordeaux is far more approachable than it was 20 or even 10 years ago.

So nowadays you can drink *classed growth claret* practically from birth, but most years you should not because a wait of 10 years or more will repay in terms of added complexity. This is true of practically every glorious vintage of *the 1980s apart from 1987.*

A tasting of 60 of the best red bordeaux from this rain-dampened vintage recently suggested that it would be no crime to consume every single one of them now, this minute. Only Château Léoville-Las-Cases had been sculpted so uncompromisingly for the long term that it would be considerably more fun to drink in five years' time.

Tasting this vintage for the first time *en masse* for at least two years was instructive about the psyches of the different *château* proprietors, particularly in the Cabernet-dominated Médoc and Graves.

The problem, actually the only problem, with the vintage was that heavy rains fell, typi*cally just after some nice juicy* Merlot was picked but diluting and impoverishing the later-picked Cabernet grapes. Selection, sacrificing the least ripe vats to a second wine or even to be sold off in bulk else*where, was clearly even more* important than usual in 1987. (And second wines a much worse *deal than usual, in my* view, unless they represent the only wine produced at the property that year such as Pensées de Lafleur, a rare affordable opportunity to buy winemade at Pomerol's superstar Château Lafleur.)

Some proprietors seemed to have really worked at overcoming the difficulties of the year, producing wines that manage to be serious as well as precocious, either by rigorous selection, by dint of a Merlot-dominated vineyard as in Saint-Emilion and Pomerol or by particularly skilful winemaking. The rest seem just to have rolled over and let their *reputation coast for* a year.

The vintage is the obverse of the only other criticised vin*tage of the eighties, 1984, when* the Merlot crop failed and so the preponderantly Cabernet *wines* are rather hard and scrawny. In 1987 the best wines are chock full of warm Merlot fruit. They have perfectly *decent colours with no signs of* aged orange at the rim. In many the acidity is marked *and in only a handful is there* any perceptible tannin at all to suggest any further potential.

In general **Saint Emilion** and **Pomerol** fared best and I have yet to be disappointed by a 1987 Pomerol. But it is on the left bank of the Gironde in the Médoc and Graves that the sheep have to be sorted from the goats.

Mouton strikes this palate as the most exciting wine of them all with a powerful essence-like bouquet and silky ripeness on the palate that almost hides the residual tannins. It is *lovely already, causing one to* wonder what on earth one is waiting for. Lafite has its fans *and it is certainly scented but* a bit too spindly for me, while Margaux is appetising and crisp if unexciting and Latour surely once of the lightest wines ever to emanate from this first growth.

Pauillac seems in general to have been the third most successful commune and other *good 1987s are a well-balanced* **Mouton-Baronne-Philippe**, a lively **Grand-Puy-Lacoste**, an explosive *Lynch-Bages*, a slightly low key **Pichon-Lalande** and a glorious **Pichon Longueville (Pichon Baron)**.

Among St Juliens, only **Leoville-Las-Cases** really stands out, as almost preposterously ambitious with its extraordinary depth of colour (presumably a reflection of Michel Delon's experiments with concentration processes) and broad, dense structure. Significantly, Lagrange, where Mon*sieur* Delon is *also* involved, is also exceptionally dark, clearly made for serious intent if not *for short-term hedonists.*

Ducru-Beaucaillou and **Leoville-Barton** were both respectable if in a minor key.

There are many dull Margaux (although I have not tasted Rausan-Segla whose recent vintages *have been* so good) and *Palmer* provides structure that is all too rare, *although it too is ready to* drink.

La Mission-Haut-Brion is not *quite so dense as* **Haut-Brion** itself but both are wines of discernible character and current excitement. *Fieuzal* was a particular success, and good value, while **Pape-Clement** is an *unusually* interesting Graves.

This was a vintage that, for once, was not rapaciously priced when it emerged on to the market. The Crus Bourgeois therefore may well have been overlooked, and with good reason in *many* cases, but **Haut-Marbuzet, Chasse-Spleen, Gloria, Siran and Sociando-Mallet** *can all provide honora*ble exceptions to be drunk this very evening.

The art of ageing brandy

Giles MacDonogh tries some cognac aged in England

THE practice of ageing cognac brandy in Cognac itself is comparatively recent. As a quality spirit, cognac dates back to the mid-18th century when foreign merchants (chiefly Germans and Irishmen) began to realise the importance of oak casks in the process of transforming raw grape spirit into fine, mature brandy.

Once filled, the casks did not stay put. As the Baltic timber and Irish cheeses were unloaded at Bordeaux, La Rochelle and Rochefort, barrels of cognac replaced them in the ships' holds, to complete their ageing process in Dublin, London, Hamburg or Königsberg.

Casks full of cognac age differently according to climate. The town of Cognac is hot and dry. There, the spirit loses bulk while retaining strength, producing a spirit which gains in complexity as it becomes more concentrated. In London (or Dublin and possibly even in Königsberg), the spirit behaves altogether differently: the cold, damp climate prevents evaporation – *le part des anges*, or the angels' share, as the Cognaçais call it – while strength, on the other hand, declines rapidly, so producing a spirit which is light, delicate, elegant and feminine.

These "early-landed" cognacs used to be something of a speciality of the British wine trade, which aged the spirit in the particularly clammy atmosphere of the London docks. The docks have gone but at least one company still keeps up the tradition of ageing cognac casks in damp British cellars.

The Bristol Brandy Company was a notable success story for its founders, John Barrett and Charles Heid. Started as a business expansion scheme, the directors were keen to acquire casks of cognac, and to age and bottle them in Bristol. The BES did so well that the infant firm was bought out by Thomas Hine of Cognac in January 1989.

Last month, I tasted a range of early-landed Hine cognacs in the offices of the Bristol Brandy Company's London distributors, Heyman Brothers of Ebury Street. At the tasting, Barrett reminded me of something I had written about Remy Martin: "We like to think of Remy as the Château Latour of cognac, while we are the Château Lafite." Certainly, a Lafite-like delicacy was noticeable in all the bottled cognacs I tasted. All seven of the Hines were extremely pale with no added caramel to provide colour and sweetness.

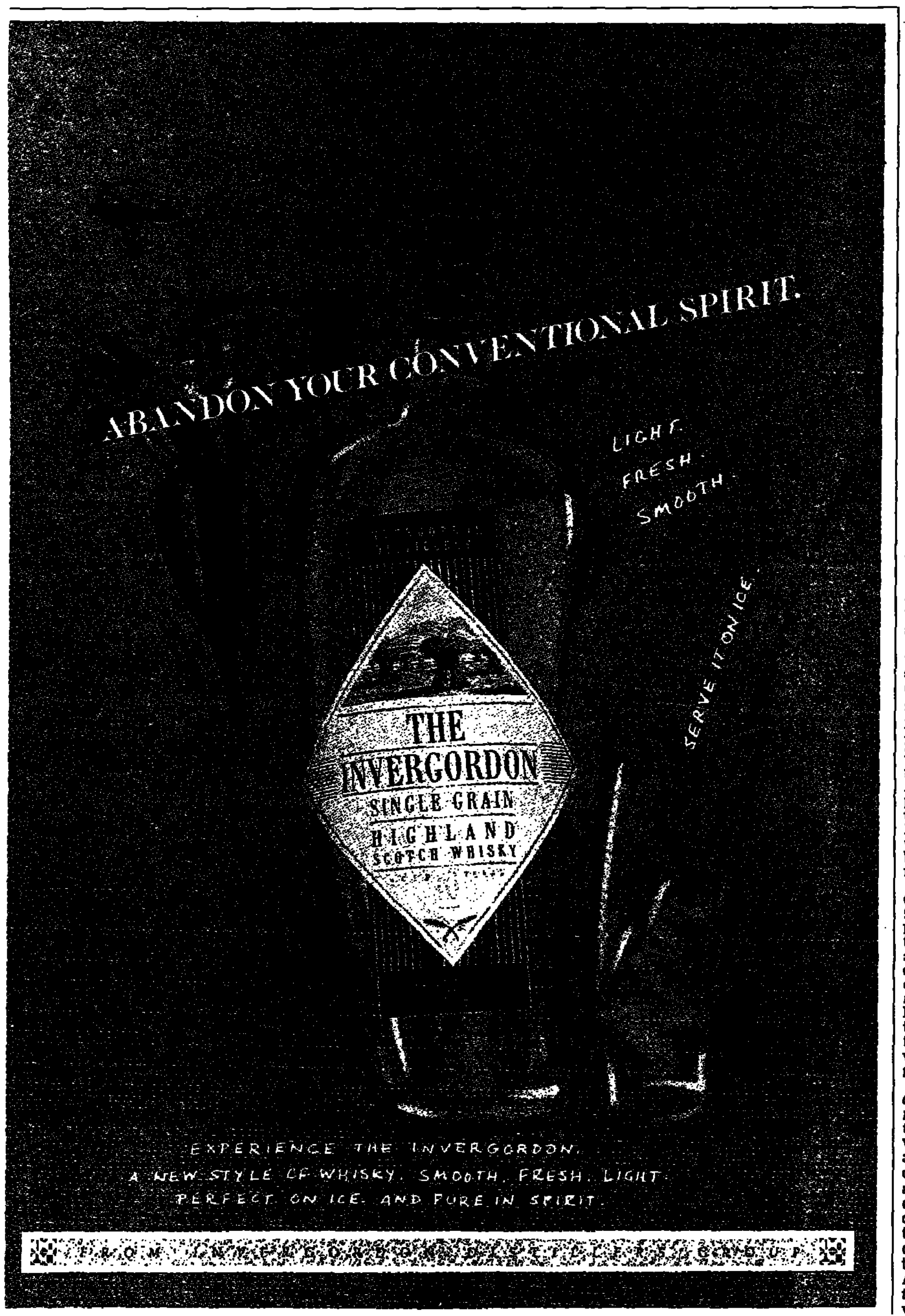
We started with a cask which had just been shipped from France, a 1988 with predictable fieriness which will not be bottled for another 15 years or so; and a very forward 1975 which, although also in cask, was already a pleasant drink with its bouquet of apricots and orange peel.

This orange and apricot character was also noticeable in the bottled cognacs. Early-landed cognacs do not develop that sherry/madeira-like "rancio" character which marks out old French bottled brandies, for the simple reason that the UK climate keeps the casks topped-up and prevents the gradual reduction and oxidation which is responsible.

Another major difference between early-landed cognacs and their French-bottled counterparts is that "British" cognac rarely requires to be broken down to 40° by adding distilled water; as with time, the alcohol loss occurs quite naturally. If the cognac is left too long, the alcohol level can creep well below 40°, making a watery, almost whisky-like drink which is not altogether pleasant.

There is an enormous variation from cask to cask and frequent checks need to be made to ensure that the cognac is not weakening.

A 1961 Hine would set you back a minimum of £84 (Christopher Piper, tel: 040-481 4139); but you can obtain the tangerine-scented 1971 for £55.13 (exclusive of VAT) from Heyman Brothers (071-730 0324), which stocks the entire range.



A crate of good reading

***Edmund Penning-Rowsell** selects a dozen of the best wine books*

I START this review of *wine books* by including two second editions because, to many serious *wine drinkers, they will* probably prove the most useful.

Michael Broadbent's *The Great Vintage Wine Book* (455pp, Mitchell Beazley, £30 hardback, £20 paperback) is a re-compiled version of the 1980 edition updated to the end of last year. It contains his tasting notes, culled from 90 notebooks, on fine wines from all the leading wine-producing countries. Italy, Spain and New Zealand have been added, with the Californian and Australian sections increased greatly.

As head of Christie's wine department, Broadbent has had exceptional tasting opportunities. Bordeaux occupies almost a third of the book, starting with a 1771 claret and a 1747 sauternes. Wine ama*teurs who delight to read about* wines they can never hope to drink will enjoy this book.

David Peppercorn began his wine experience as a buyer and has visited more internationally known Bordeaux estates – and others less familiar – than any other wine professional. In this expanded edition of his *Bordeaux* (722pp, Faber, £14.99 paperback), first published in 1982, more details are provided of vineyard size, grape make-up and an evaluation of historic vintages and more recent years up to 1989. Although little attention is paid to the history or the trade that contributed to making Bordeaux the most interesting wine region in the world, this book is an invaluable, if bulky, reference work.

Robert Parker's *Burgundy* (1052pp, Dorling Kindersley, £25) is as comprehensive as his previous works. Divided into three parts, the first deals alphabetically with 640 growers and merchants. The second covers the *villages* and *appellations* from Chablis to Beaujolais; and in the third part, there is an appreciation of vintages from 1945 to 1989, along with his numerical ratings of growers' wines.

Parker runs the *Wine Advocate* newsletter and some of his material comes from that. The time he can spend on each wine must be limited; yet his ability to provide detailed descriptions of them is remarkable. From my far more limited experience, I have found the descriptions sound and perceptive. Less popular on this side of the Atlantic is his 100 (top) to 50 (bottom) marking system. Although it is not his intention *to exaggerate what may be* very small, temporary and even bottle-variation differences, the system might confuse less-informed consumers.

Detail from the cover of Tim Unwin's Wine and the Vine

For 200 years from 1762, Ch Latour was owned by three families. They were descendants of the Marquis de Ségur, proprietor of Lafite and Calon-Ségur. With absentee landlords until earlier this century, the managers were committed to correspondence that has since provided archives unrivalled in Bordeaux. Unravelled and published by a team of Bordeaux university professors, they have helped Nicholas Faith in *Latour* (100pp, Christie's Wine Publications, £11.50) to compile an account that will be of much wider interest than any other Bordeaux château.

Faith also records the development of the property and the improvement in the wines since Latour was bought by the family interests of Lord Cowdray in 1963 and then sold to the minority shareholder, Allied-Lyons, in 1989. It is a fascinating background book for serious amateur drinkers of fine claret. Faith has also enlarged and up-dated his profusely-illustrated history of *Château Margaux* (150pp, Mitchell Beazley, £30).

The Wine Roads of Italy by Marc and Kim Millon (529pp, HarperCollins, £19.99) is an almost frighteningly comprehensive guide to wine areas in Italy. Everywhere, the best producers are listed, along with regional food specialities, a selection of restaurants and details of where local wines may be bought. It *also dives off* into notes on funghi and the production of grappa. A tourist guide rather than a *critical* assessment, this substantial compilation will be particularly useful *to first-time* visitors.

Tim Unwin's *Wine and the Vine* (409pp, Routledge, £40) is not an easy read but provides a remarkably complete summary *of the historical* geography of viticulture in North and South America, Australia and New Zealand. Every relevant authority is quoted and acknowledged. It is rewarding for those prepared to follow the long, winding trail.

Cabernet-Sauvignon is the world's most fashionable red grape, grown everywhere from Bulgaria to Washington State. It stands, says Harry Eyres in *Cabernet-Sauvignon* (275pp, Viking, £12.99) for "balance and appeals to the intellect," while its rival, Pinot Noir, "produces wines of sensual excess." The book is devoted largely to Bordeaux, Australia and New Zealand, with descriptions and vintage recommendations. It is not restricted to *Cabernet-only vineyards*, which enables him to write on nearly 100 Bordeaux estates with appraisals of their best vintages in the past decade. A surprising omission is Figeac, unique in St Emilion for its 35 per cent Cabernet-Sauvignon.

Stuart Piggot's *Riesling* (219pp, Viking, £12.99) follows the same pattern and appears appropriately to counteract the fall in Riesling's reputation caused by the proliferation of low-quality, over-sweetened examples of one of the world's finest grapes. Germany pro*vides the biggest slice of* the book but Austria is well represented as well as Australia and *California. The prize outside* Europe is awarded to New Zealand, particularly for this botrytis-affected dessert wine.

Fiona Beeston, an English wine writer domiciled in France, writes in *The Wine Men* (176pp, Sinclair-Stevenson, £15.95) about a dozen highly-individualistic wine growers and a couple of Paris merchants. They include a professional pianist *manqué* who made the wine at the Dom de Chevalier; a peasant's son who became a director of Ch Latour; and the owner of the celebrated *Coulée de Serrant* vineyard on the Loire. An engaging book, enlightening on how good wines are produced outside the big estates.

Although in *New Classic Wines* (272pp, Webster/Mitchell Beazley, £19.99) Oz Clarke runs briefly through the European wine centres, his enthusiasm is reserved mainly for wines from Australia, New Zealand and *California*. He maintains that for quality at an affordable price, Australia leads the world. It is difficult not to be swept away on a flood of excitement over these "new wines." Some may feel that he overlooks a certain monotony in many.

Obtainable in Bordeaux from Feret et Fils, 9 Rue de Grassic – and impossible to ignore for Bordeaux experts – is the 14th edition of *Bordeaux et Ses Vins* (1976pp, Ffr 550.) *Published* first in 1850 by an Englishman, Charles Cocks, it contains every *item of information* about Bordeaux likely to be required. The order has been re-arranged partly and Lafite has been restored to head the Pauillac list, as in the 1855 classification. One should still take with a pinch of salt the adulatory notes *on many of the* 1,350 châteaux listed. Some were written by the owners.

FOOD AND DRINK

Puddings that you don't need to cook

IN THE beginning my Christmas menus were laden with rich and dark cannonball plum puddings, *shortcrust and* puff pastry mince pies – and, of course, lashings of brandy butter, which was the real reason for all the stodge.

As the bathroom scales began to sag under our weight, and lighter tastes came into fashion, I adapted my offerings accordingly. My plum puddings turned frosty. The ice-cream version, spiced and studded with nuts and fruits plumped up in orange juice and brandy, proved just as popular as hot Christmas pudding with the older generation, and the children liked it better.

My new look mince pies were also preferred with their crackle of phyllo pastry on the outside, and a lighter, fatless *combination of fresh grapes*, almonds and muscatel raisins replacing the old-fashioned suety filling.

After that phase had run its course, I turned my hand to *alternative Christmas* puddings. Port wine jellies heady with booze, pitch black coffee jellies, sharply scarlet cranberry kissels, lemon possets, everlasting syllabubs, whim-whams and trifles have all met with approval, the lightness of some of them pleasing those who tend to feel full after the festive bird, the alcoholic kick of others doing wonders for those who feared they might feel deprived of their brandy butter quota.

This Christmas, however, I am *changing my tactics once* again. I have decided I won't be cooking puddings of any sort. It is not that my mood is particularly bolshie – although I admit I have always thought that the cook needs and deserves a holiday at Christmas every bit as much *as the rest of the family*, and coping with the bird and all its trimmings is no mean workload in its own right. No, the way I prefer to put it is that I am keeping in tune with the times: I am taking the Common Market seriously.

***Philippa Davenport** with fruits, nuts, cakes and sweetmeats for the Christmas dessert table*

This Christmas my desserts will be bought not homemade. I shall copy our French, Italian, Portuguese, Spanish and German brethren, all of whom serve a fine selection of fruits, nuts, cakes and sweetmeats at Christmas, but who sensibly leave the cooking of these specialities to the professionals who do them best.

My choice of fruits and nuts will include baskets of pecans, walnuts, cobs, almonds and *pistachios, and several different* varieties of apple and pear (Ribston Pippin apples and Comice pears are musts), each sort pyramid-piled in a separate bowl. There will be lots of clementines (so much better than satsumas), garnet-seeded pomegranates, some of them cut open for showy display, kumquats and pink-shelled lychees. I shall try the miniature pineapples I have seen in some shops – potential winners if they are anything like as flavoursome as they are decorative.

No promises, but maybe I shall relax my no-cook rule to assemble a simple but luxurious compote – unzipping a few cans of little green figs from Turkey and replacing half their syrup with green Chartreuse (green, not yellow, and preferably 10-years-old).

Marrons glacés, candied and glacé fruits in stained-glass colours are Christmas essentials, although there seems to be a shift away from the richest and *most sugary offerings in favour* of less tooth-achingly sweet semi-dried fruits, many of which are as soft, plump and pinchable as a baby's cheek.

Nothing can oust perennial favourites such as dates ritually laid out in lacey paper-lined glove boxes, stem ginger packed in porcelain jars, Carlsbad plums in wooden caskets *and Elvas plums, the lus*ciously preserved greengages of Portugal.

At a food fair in Portugal recently I came across other remarkable sweetmeats, including spectacularly stuffed and candied oranges and apricots and other confections which will, I hope be imported here before long.

Fat muscatel raisins with their seeds still embedded in them, now come in two irresistible guises. First, they may be semi-dried on the vine and sold in small bunches on the stalk, to nibble as they are or to drop into glasses of dessert wine to soften and swell a little before eating. Secondly, there is the speciality of Amalfi called *passolini*, doll's tea party *size parcels of plump raisins* wrapped in lemon leaves and lightly baked to impregnate the fruit delicately with the citrus oil of the leaves.

Another exquisite treat – which I was given recently by friends – from the bay of Naples, is sun-dried figs split open and sandwiched together again with a filling of chopped walnuts and tangerine peel, threaded onto wooden skewers with fresh bay leaves and lightly baked to marry the flavours.

Favourite chocolates for Christmas include Charbonnel et Walker's violet creams, of which the Queen Mother is said to be especially fond; praline-filled Cote d'Or mice in gleaming red and gold wrap*pings; and individually* wrapped squares of beautifully bitter Belgian chocolate sold under the Café-Tasse label. Now these are joined by the chocolate enrobed espresso coffee beans and Green & Black's organic chocolate about which I wrote recently – look out for these at Whittards and Holland & Barrett respectively.

Central to the dessert table are biscuits and cakes. Tissue wrapped amaretti biscuits, buttery shortbread fingers, Florentines sticky with chocolate and candied peel, *pain d'epice* or a highly spiced gingerbread redolent of the medieval Christmas, will all have their place on my menus.

Fast gaining in popularity is *stollen*, the light fruit cake of *Germany with its characteris*tic streak of marzipan down the centre, but queen of all Christmas cakes, surely, is *panettone milanese*. Nothing else can match if for simple good *looks*, buttery light texture and the exquisite scent of vanilla – and it pleases me no end that some of the best Italian cooks insist there is no point in making your own when commercial brands, such as Le Tre Marie, are available.

My only certain contribution to cooking desserts this Christmas will be to make plenty of custard and rich chocolate sauce, bowls of which I will flank alongside others containing clotted cream, whipped *crème fraiche* and creamy yoghurt for spooning over slices of *panettone* and/or for dunking and dipping fruits and sweetmeats.

In this house there is no chance of stale *panettone*, we eat it too greedily for that, but if you have some leftovers, or if suddenly you feel impelled to cook, bear in mind that panettone makes a gloriously soothing bread and butter pudding. It is just the sort of dish that appeals, along with bubble and squeak, when a nursery mood descends on the *fourth or fifth day of* Christmas. *Panettone* is also very good used instead of sponge cake for making a trifle and food writer Anna Del Conte likes to serve sliced *panettone* toasty warm from the oven or grill spread with *mascarpone*. It might be worth buying an extra *panettone* for these purposes.

Offering sweetmeats instead of Christmas puddings that have to be cooked means less work for the cook. And less worry. For, unlike carefully timed puddings, sweetmeats will not self-destruct if no-one has the appetite to do them justice at the appointed hour. Leave them displayed on the sideboard or on a hall table, where they will provide a magnificent still-life to rival the Christmas tree, and I am prepared to bet that many a passing nibbler will make surprise visits during the day, and there may be midnight feasters too.

Piled high: panettones at Camisa's, in Old Compton Street, Soho, London

Time for a good smoke

SMOKING is a traditional way of preserving food and is probably the oldest way, too.

Smoke preserves the meat or fish and gives it a wonderfully natural, nutty, sweet flavour and distinctive deep brown colour. Smokehouse temperatures vary considerably as do the smoking periods which can be as short as a few hours or a long as several days. Every smoker has his or her own particular *blend of wood* (anything from English green oak logs and woody stems of rosemary and juniper to chips from old malt and whisky barrels) but they are, of course, loathe to share their secrets.

The range of available foods is huge and you can find delicious examples in local supermarkets – do try Marks & Spencer smoked salmon sandwiches – or from mail order companies all over the country.

***Lucinda de la Rue** turns to a tried and trusted way of preserving food*

Originally pork and beef hams, bacon bellies and sausages were the most common smoked foods, *but now the* smoking technique is used to flavour and preserve not only meat, fowl and fish but also cheeses, nuts and seeds, eggs, berries and butter.

Christmas specials at Minola smokehouse at Lechlade in Gloucestershire include smoked quails' eggs, spiced lamb and cashew nuts as well as the more usual trout and salmon. Try their smoked unsalted butter for a special hollandaise sauce or the French duck breasts which should be eaten very simply with a port *and blackcurrant* sauce. As a smoked salmon addict I do recommend their salmon which is really smoky without being too salty and has terrific colour and texture. It costs £12.25 per lb plus £1.95 p and p.

In Richard Pinney's smokehouse in Orford, Suffolk, I bought a shopping bag full of his eel, bloaters, kippers and sprats and naturally took the chance to visit his famous café next door (The Butley Orford Oysterage). This is a must if you like the idea of a glass of *chablis and a plateful of local* smoked fish.

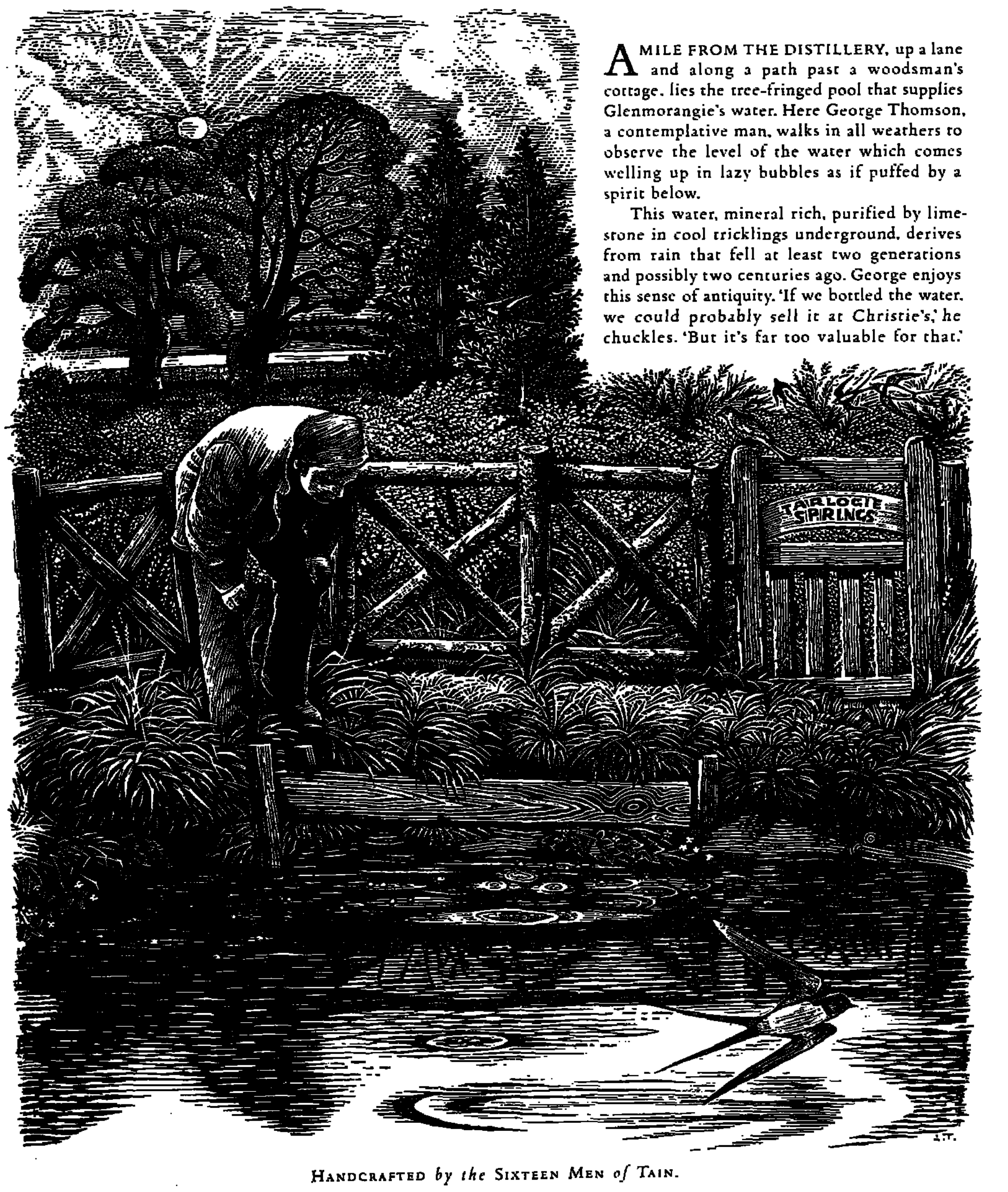
Johnny Cooke-Hurle (the company is called The Teesdale Trencherman) is near the top of my list. I am always running back to order more of his smoked mussels which I serve as a starter. It is very simple: just put them on a bed of salad leaves and all you need is a turn of the pepper mill and some lemon juice. His game is special. Enjoy thin slices of smoked pheasant and grouse with a little cranberry sauce and some home baked bread. *Smoked pheasant costs* about £3.75 per lb.

Free range smoked goose breasts are available from W.E. Botterill of Grantham. I cut the fillets into strips and stir fry them together with a fistful of sugar snaps. Or try Fjordling's smoked king prawns with some thick fresh mayonnaise. Anne Petch at Heal Farm *smokes legs of Shetland lamb* and mutton. Her smoked tenderloins of pork should be sliced thinly and eaten with extra virgin olive oil, lemon juice and black pepper.

Finally, for those of you who get hooked on the sweet, smoky pungency of these foods, perhaps you should invest in your own home smoker. Brook's home smoker costs £49.95 (p & p £3) from Elizabeth David Cookshop, 3 North Row, The Market, Covent Garden, London WC2. The smoker measures 12 in by 20 in and will smoke about four pieces of fish in 45 minutes or so.

For price lists and mail order *details of smokehouses*, write to the addresses below:

- **Andwell Mill Farms,** Andwell, Basingstoke, Hants (0256-764551)
- **Ashdown Smokers,** Skellerah Farm, Corney Cumberland (06578-324)
- **W.E. Botterill & son,** Lings View Farm, 10 Middle *Street, Croxton* Kerrial, Grantham, Lincs. (0476-870394)
- **Bridfish Ltd.,** Unit 1, Sea Road North, Bridport, Dorset. (0308-56306)
- **Fjordling Smokehouses,** Dunstable Farm, Pitton Road, West Winterslow, Salisbury. (0980-862689)
- **Heal Farm,** Kings Nympton, Umberleigh, Devon (076957-4341)
- **Loch Fyne Oysters,** Clachan Farm, Ardkinglas, Cairndow, Argyll (04996-217)
- **Macdonald's Smoked Produce,** Business Development Corporation, 51 Southbourne Crescent, Hendon, London NW4 (081346-5898)
- **Minola Smoked Products,** *Kencot Hill Farmhouse*, Filkins, Lechlade, Gloucester. (0367-860391)
- **The Old Smokehouse,** Brougham Hall, Penrith, Cumbria (0768-67772)
- **Pinneys's Orford Smoked Salmon,** Market Hill, Orford, Woodbridge, Suffolk (0394-450277)
- **Pinneys of Scotland,** Brydekirk, Annan, Dumfries, Scotland (0576-3401)
- **The Pure Meat Company,** Moreton Hampstead, Devon(0647-40321)
- ***The Teesdale Trencherman,*** Startforth Hall, Barnard Castle, Co Durham (0833-38370)



Ibsen's spirit lurks in Oslo's tidy streets

Norway fills ***Nicholas Woodsworth*** *with mixed emotions*

THE EVENING before I flew from London to Oslo I went to see the West End production of *Hedda Gabler*. Henrik Ibsen, the Norwegian dramaturge with the mutton-chop whiskers, certainly knew a thing or two about Nordic gloom.

It is a powerful play, full of hidden forces lurking deep in Scandinavian hearts. There are lonely individuals struggling against childhood memories, struggling against adult relationships, struggling against themselves. There is passion crushed by straight-laced social morals. There is violence and wilful self-destruction. There is morbidity, irrational obsession, isolation, pain, guilt and depression. Not since I watched Ingmar Bergman's *Scenes From A Marriage* had I seen so much northern angst.

"My god, Henrik!", I addressed the dead playwright as I strolled back to the Charing Cross Tube and home. "Surely things cannot be as bad as all that." To tell the truth, I was begining to wonder if a weekend getaway to Norway was such a good idea after all. A cabin in the autumn hills of the Hallingdal had sounded good, but no one had mentioned large doses of Nordic melancholia thrown in for free. I fell asleep that evening fantasising a modern-day Norway peopled exclusively by Ibsen characters.

No such characters, in fact, were lurking in the streets of Oslo the following day. The inhabitants of the little city, all 400,000 of them, seemed uniformly cheerful, outward-looking, convivial.

Oslo is certainly not like London. There are no greasy chip papers blowing depressingly down any Oslo street: Norwegians are far too conscious of natural beauty to despoil the tidy, leafy capital sitting by the blue waters of the Oslo Fiord. There are no ticket collectors on the shiny city buses and trams; citizens here are, evidently, more socially co-operative than the rest of us. Nor did I see any sign of reknowned Nordic intemperance; ice-cold shots of aquavit may in the past have soothed the troubled Norwegian breast, but with the stuff now selling at £25 a bottle, its maudlin' comforts are hardly within daily reach.

Henrik Ibsen, it seemed to me, had been bypassed by history, prosperity and social progress. Scandinavia may have been a broody, introspective place at the turn of the century. But surely, I concluded after walking through parks full of healthy-looking joggers and cyclists, Oslo's inhabitants have found other ways of working out despondency and frustration.

There was just one false note in this scene of social and spiritual harmony. The hint that there were stiller waters running here came that evening when I met old friend and weekend host, painter Vigdis Jacobsen. I suggested to her that we go out for a traditional Norwegian meal. We ended up in a cavernous hall of a restaurant sitting over great plates of *lutefisk*. It is a strange and disturbing food. Any people who continue to make a national dish of dried cod soaked for days in a solution of lye, I reckoned, still have a few things to work out.

Even in cold autumn rain, the three-hour drive out of Oslo and up the narrow Hallingdal valley is a pretty one. The Hallingdal region is not as spectacular as the mountains and fiords of the west coast, nor as magnificently wild as the plains of Finnmark far to the north. But if this is Norway's most popular vacation area, it is because it offers wilderness and great natural beauty just a hop and a skip from urban civilisation. In Norway, a return to an earlier, primeval existence is never very far away.

Up narrow valleys we sped, past steep hillside farms where shorn hay fields lay sodden in the rain and ripe apples glinted red in neatly-kept orchards. The further we climbed, the colder it got. On the shores of Kroderen, a long winding inland fiord, we stopped off to visit Mad Strand, a Hallingdal dairy farmer.

There are no two ways about it: Norwegian winters are long and hard. Although it was only early October, Mad had just installed his dairy herd in the barn for the winter. The cows would not go out again until May. Mad was going to take a few days off hunting elk in the pine forests that rim the valley, then spend the rest of the winter cutting and hauling timber down the steep hillsides. It is a tough, oppressive, isolated life, enough, I thought, to turn cows dull and people quite literally Mad.

At the head of the valley we climbed up from the little town of Gol, leaving the deep valley behind and ascending to the Golsfjellet, a broad mountain plateau 3,000 ft high. On the edge of the treeline, the alpine pastures of the Golsfjellet make ideal summer grazing for cattle, and the farmers of Gol establish themselves here in log cabins each short summer season. In winter the plateau is a paradise for cross-country skiers, and their cabins now out-number those of the high-pasture farmers.

But what does one do in the in-between season? The kind of weather one needs for walks through mellow autumn leaves was nowhere in sight. As we climbed, the sky turned from grey to black, the air from chilly to freezing, and the rain to heavy sleet. The cabin, perched high on a hillside overlooking a great vista of grey mountain and valley, was as cold and dismal a place as I have seen. In these circumstances, one does what the Scandinavians have done since time immemorial: one turns suddenly gloomy.

Vigdis, who lived for years in Tromso, well above the Arctic circle, is used to this kind of weather, and in a morbid kind of way almost relishes it. "Of course it's difficult when you don't see the sun for months at a time," she told me as we loaded the cabin's cast-iron wood stove with lengths of split birch. "It's enough to depress anyone. Sometimes we are like the lemmings and all want to escape. Usually it is to the Gambia or anywhere else there is sunlight and warmth."

As the fire took, the room slowly warmed to something less than Gambian levels, and the flames lit up the unvarnished log walls and beamed roof of the cabin. Other questions suggested further answers to the mysteries of the elusive Nordic character.

"Yes, I suppose we are like all northern people, Russians, Finns, Canadians. We have long periods of introversion. Sometimes we bottle up emotions. Sometimes we are melancholy. Sometimes we can be just plain dull. It has something to do with the winters.

"No. we are not always like this – in summer we get quite silly. We like to run through the fields, take all our clothes off at the beach and sing jolly songs around midnight campfires. Yes, I guess some of us do drink a bit too much, and not at £25 a bottle, either."

How does Vigdis know all about illegal stills and Norwegian moonshine? Her father was a local keeper of the peace in Gol many years ago, and she learned about the Eliot Ness-style raids of the northern woods from him.

We were not quite desperate enough to start distilling, but over the next two days of atrocious weather I felt the little cabin become ever more like the setting for an Ibsen play. If Vigdis could turn out a reindeer stew for dinner (excellent with a brown Norwegian goat cheese sauce), she was also adept at endlessly discussing Lutheran ethics, the injustice of the human condition and the conflicts of the soul.

If I sat in front of the fireplace trying to read P.G Wodehouse, somehow the conversation would turn to society's thwarting of personal freedom, sexual inhibition or mortality.

If I turned on the radio, I got a lugubrious dirge of Lapp folk songs. There was no need for a translation – I knew they could only be musical variations on the same doleful themes. After a while I stopped seeking cheer from the radio.

Not even a Norwegian version of the board game Trivial Pursuit helped much. I now know that the author of *The Norwegian People's Dreary Life and History* was one Odd Borretzen; that the northernmost point of Norway is Knivskjellsodden, and that the fermented Norwegian dish *raking* is made by putting raw trout in a barrel of brine for three months. It was not an inspiring game. I lost. By the end of the second evening I was ready to make the depressed admission that Ibsen remains very much a man of our times.

But the real essence of Norwegian drama and the source of that painful Nordic *weltanschauung*, as Vigdis had indicated, lies not in the struggle of society or the individual. It lies in the struggle against nature and an inclement northern climate. On the third and final morning of our stay in Golsfjellet the clouds lifted, the sky turned a warm blue, and suddenly the world was a fine and heedless place once more.

Off we strode into the yellow and russet forests, through stands of silver birch and pine now drying in the sun, across splashing streams and over moors of mixed heather the colour of good tweed. Far below in the Hallingdal Valley, a river glinted in the crystal air. High up on the other side of the valley the Hardangervidda, the great empty plateau in the middle of Norway, stretched away.

We were feeling so good we could have walked right across it. There was no more brooding, resentful contemplation of the world, but simple enjoyment in it. All it takes is a little break in the weather. The sun was out, Ibsen was at peace in his grave, and Norway, after all, was a great place to be alive.

■ **Nicholas Woodsworth flew to Oslo with Scandinavian Airlines, 52 Conduit Street W1, tel: 071-734-4020. SAS flies to Oslo from London three times daily, and offers a return economy fare at £336 and Apex fare at £236.**

Information about organised walking tours, trails and mountain accommodation may be obtained from Den Norske *Turistforening (the Norwegian* Mountain Touring Association) Postboks 1963 Vika, 0125, Oslo, tel: (02) 83 25 50.

There are many private cabins in the hills that may also be rented for short and longer periods. A brochure is obtainable from the Norsk Hytteferie, Postboks 3404 Bjolsen, Kierschowsgt. 7, N-0406 Oslo, tel (02) 35 67 10.

Norwegians are too conscious of natural beauty to despoil their neat capital by the fiord

SPORT

Blur of speed: Tony Underwood, star of the Varsity game

Golf&Rugby Union/**John Hopkins**

The thread that links two squeaky-clean games

SCENE ONE: the west car park at Twickenham before Tuesday's Oxford v Cambridge rugby match. Behind a large grey car, a dozen men gather around a picnic table covered in a white tablecloth. Having erected an altar, they now place on it the objects to worship: a huge bottle of whisky, another of gin and sundry food. There is much joking.

"I tell you what, George" said one man, his voice rising up from within his British warm overcoat and university scarf. "I will put £15 on Cambridge."

"Is that all?" said his companion. "It is all I've got." His companion swigged deep on his whisky, drinking in some liquid warmth while digesting this information.

Scene two: six hours later, many of the great and good in golf have gathered at the Horticultural Society hall in Vincent Square, Westminster, for the annual dinner of the PGA European Tour. The black-tied multitude are seated at round tables, each accommodating ten. The room is enormous, pillared and well-lit with a ceiling clearly on loan from a nearby railway station and acoustics to match.

The dinner is in honour of the members of the Tour (Nick Faldo et al) its sponsors, its business associates. It is an orgy of self-congratulation that passes in a pleasurable whir. By 11 pm the cars are queuing half way around the square with their engines idling to whisk their owners safely home.

Rugby and golf are not the most natural bedfellows but not the least natural either. There is a pleasing counterpoint between the thud and blunder of one and the hushed reverence of the other.

One lasts 80 frantic minutes, the other 80 languid hours. One preaches self control, the other exhibits total self interest. Rugby is one for all; golf is one for one. The former is a team game in which the strengths of an individual are secondary to the good of the team. The latter makes enormous demands on an individual's character and occasionally subjects him to the intensities of a team game, eg the Ryder Cup.

Both sports are experiencing unprecedented popularity. Why is this? "Rugby projects a homely image" says Tony O'Reilly. "It has a very low sleaze factor." The same applies to golf. They are both squeaky-clean sports in a grubby sports world.

The afternoon's proceedings at Twickenham were masterminded by Dudley Wood, secretary of the RFU. To his right and further back sat Michael Bonallack, secretary of the Royal and Ancient golf club of St Andrews. The two men share more than a mutual respect and a passing interest in each other's games. They are the two best sports administrators in the UK.

PG Wodehouse wrote that: "Golf, like measles, should be caught young, for if postponed to riper years, the results may be serious."

At Twickenham on Tuesday there were hundreds of chanting students who had been caught at a tender age, but by rugby, not golf. Many had grown up playing mini or new age rugby.

Yet for every spectator still to reach 21, there were four who would never see 41 again. They had, in Wodehouse's words, been caught young. Their hair may have disappeared, their waistline expanded, but their love of rugby had not diminished.

Even the neutral supporter could not fail to be moved by the commitment shown at Twickenham. Thirty men played their hearts out. Yet in this team game the efforts of many raised one man above all others. Tony Underwood won it for Cambridge. He was the man who made you move to the edge of your seat when he received the ball, an imp of creativity, a blur of speed.

With barely five minutes remaining Underwood scored a brilliant try, beating four men by guile and pace. When he returned to take up his place on Cambridge's left wing he bowed rather self consciously.

At dinner in Westminster later, one man rivalled Underwood in the way his presence commanded attention. It was not one of the sundry politicians present, nor an industrial baron, nor Nick Faldo. It was Seve Ballesteros, just arrived from Spain to accept the Vardon Trophy for being Europe's leading money-winner for the sixth time. His face was tanned, his dark hair gleamed beneath the lights, his mood was relaxed. He smiled, even at arcane British jokes during the speeches. The dinner could have been subtitled: Homage to a King.

Again and again men spoke reverently of Ballesteros as if by doing so they would grow in his estimation. One man asked Seve to autograph his copy of a book recording the events of the year. Another did likewise and then a third and a fourth.

Ballesteros received a standing ovation *before* he started speaking. And when he began, he held the audience in the palm of his hand. He was a credit to his country and to the game.

My neighbour, a man who had once walked among the foothills of power, a Parliamentary secretary to a prime minister, leaned over. He was captivated. "He's just pure class isn't he? He's fantastic."

Ballesteros' sports, other than golf, are cycling, athletics and tennis. Though he does not know much about rugby, its ethos would appeal to him. Play to win but abide by the rules. Be individual but exercise self control. He knows about self control. Golf is nearly impossible unless you have it. As Kipling almost said, you have to keep your head while all around you are losing their's. Underwood had done so a few hours earlier. Ballesteros had done it again and again in the season just ended.

To see men doing this in the name of sport is partly what makes sport so thrilling to watch and such a serious matter. Rugby is an amateur game with a professional ethos. Golf is a professional game with a professional ethos. Somehow, for our enjoyment and to our gratitude, the two games were bound together on this cold day in December.

Commanding performance: Seve Ballesteros, golfer of the year

Tennis/**Georgi Dashkevich**

Desperate power games at the Kremlin Cup

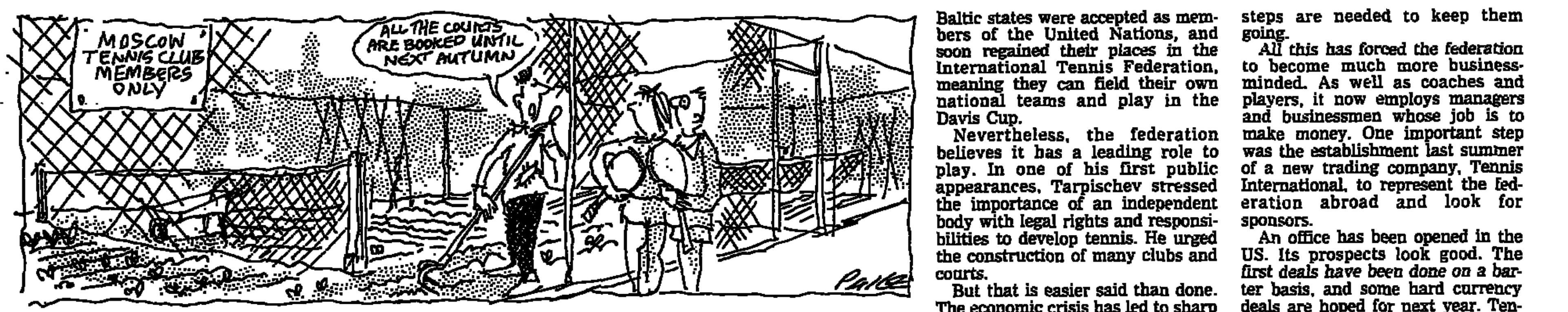
IVAN Silayev, the Soviet prime minister, is a busy man, but he still found time to attend Russia's top tennis event, the Kremlin Cup, in Moscow last month. His appearance at the Olympic stadium, where the ATP Tour World Series event was held, might have seemed frivolous to most Muscovites. But Silayev knew what he was doing.

Locally, tennis is in crisis today – like so much else in the former Soviet Union. But it is also a sport linked to big business, and this could be its salvation. The Kremlin Cup was tied to a commercial symposium sponsored by companies such as Bayer, Hewlett Packard, Kodak, AT&T, Pepsi, Smith Corona, Ellesse and British Airways. The prime minister used the occasion to mingle with western businessmen and appeal for help.

With prizemoney of $330,000, (£183,333) the ATP tournament has become one of Russia's sporting highlights since it was launched four years ago by a 49-year-old Swiss businessman, Sasson Khakshouri. But this year it showed up starkly the everyday difficulties facing Soviet citizens. The brightly-lit Olympic stadium, full of happy visitors, contrasted with the bleak surroundings and grim crowds shuffling through the streets. In the spacious VIP village restaurant a Swiss chef produced fine food and drink; in nearby stores, the shelves were empty.

Anyone seeking to play tennis in Russia today has to battle against appalling odds. It is virtually impossible to get good quality tennis equipment at reasonable prices. Soviet-made racquets of plastic and composite materials are available quite cheaply, but they are no good for competitive tennis. High-quality foreign racquets are extremely expensive. There has been an acute shortage of tennis shoes, sportswear and (especially) strings and balls for a long time.

Even if you obtain your gear, your problems are not over. You still have to hire a court. There are only 4,500 outdoor courts – 490 of them in Moscow – for a population of 280m. The shortage of indoor courts is even greater. There are fewer than 100, even though much of the country suffers a harsh climate. By comparison, Sweden, with only a fraction of the population,



has 2,000 indoor courts. The exclusive Chaika club in Moscow charges up to $30 an hour for a week-end game, and only accepts hard currency, putting its facilities way beyond the reach of anyone but foreigners.

The sport's top body, the USSR tennis federation, is struggling to hold things together. Last year it began to purge its own secretariat of the apparatchiks who used to run it. Such people were often called "wedding generals" – because they spent most of their time attending official ceremonies.

At a meeting of the federation last January the members voted out their old president, Igor Volk, whose qualifications as a cosmonaut and as a Hero of the Soviet Union, though admirable, were thought inappropriate. Instead, they chose one of their own: 43-year-old Shamil Tarpischev, the country's Davis Cup captain for more than 15 years. It was the first time a professional had been elected to the top position.

Tarpischev is a Muscovite. When his international career ended at 26, he was appointed head coach of the Soviet team. As the Davis Cup captain, he handled three generations of top Soviet players including Aleksandr Metreveli, the star of the 1970's, as well as current high flyers like Andrei Chesnokov, the first Russian tennis millionaire, Andrei Cherkasov, a two-time winner of the Kremlin Cup, and the brilliant but unpredictable Aleksandr Volkov.

The federation's rebirth was not auspicious. By last spring, the Soviet Union was breaking up. The Baltic states were accepted as members of the United Nations, and soon regained their places in the International Tennis Federation, meaning they can field their own national teams and play in the Davis Cup.

Nevertheless, the federation believes it has a leading role to play. In one of his first public appearances, Tarpischev stressed the importance of an independent body with legal rights and responsibilities to develop tennis. He urged the construction of many clubs and courts.

But that is easier said than done. The economic crisis has led to sharp cutbacks in state subsidies for sport. There is also a critical shortage of hard currency to send talented juniors abroad.

One priority is to foster the special tennis schools where children train from the age of seven. There are 20 such schools, and they depend entirely on state financing. They used to employ the best professional coaches to look for talent and train aspiring youngsters – and it worked. The best pupils made it to the top. But now these schools are on the verge of closure; urgent steps are needed to keep them going.

All this has forced the federation to become much more business-minded. As well as coaches and players, it now employs managers and businessmen whose job is to make money. One important step was the establishment last summer of a new trading company, Tennis International, to represent the federation abroad and look for sponsors.

An office has been opened in the US. Its prospects look good. The first deals have been done on a barter basis, and some hard currency deals are hoped for next year. Tennis International has to hand 22 per cent of its profits to the federation.

The company came up trumps last September when it rescued the Ladies' Open tournament in St Petersburg. The tournament is one of the Kraft General Foods World Series, with $100,000 in prizemoney. But August's attempted coup frightened off the sponsors, putting the event in jeopardy. Tennis International produced a $200,000 loan to keep it going.

In general, though, Soviet tennis is facing an immensely bleak road.

Motoring/**Stuart Marshall**

Honda meets its target with a little Civic pride

WHEN Honda was researching its fifth-generation Civic, it settled on three priorities. Driving pleasure came first, followed by safety and comfort and then by environmental responsibility.

Even a couple of hours trying two of the new Civics was enough to convince me the first priority has been met. Both models – a £10,795 LSi three-door hatchback and a £14,995 VTi four-door saloon – were a joy to drive.

The VTi, which I sampled first, has a twin-camshaft, 1.5-litre engine developing a remarkable 158 horsepower. Yet, it runs on standard-grade unleaded petrol; has an exhaust catalyser; pulls hard at low speeds as cheerfully as it soars up to high revolutions; and combines fuel economy with low emissions.

Its secret is a unique form of valve operation. At under 2,500 rpm, only one of the two inlet valves per cylinder operates; over 2,500 rpm, both do, allowing the engine to breathe freely.

Do not worry about the technicalities. What matters is that the Civic VTi will accelerate strongly from 20 mph (32 kph) in fifth gear, or zip urgently from a standstill to 60 mph (96.5 kph) in 7.7 seconds.

None of its rivals – which Honda lists as the Audi 80 Sport 16v, BMW 320i, Lancia Dedra 2.0 Turbo or Rover 416 GTi – can match these figures. Nor, says Honda, will any of them equal the Civic VTi's average 36 mpg (7.85 l/100 km) fuel consumption.

Squat 55-series tyres give instant turn-in and more cornering ability than you could exploit on normal roads, but the VTi's ride is neither harsh nor noisy. Its power-assisted steering is light for parking, positive when pressing on.

Anti-lock disc brakes; electric windows, mirrors and sunroof; central locking; and a stereo radio/cassette are all part of what I would call a high-tech compact saloon of quality for the family or business motorist.

Although the LSi three-door's single-camshaft, 16-valve, 1.5-litre engine yields only 89 horsepower against the VTi's 158, its performance is perfectly adequate. Honda's figures show it to be quicker and more economical than its Ford Escort, Rover 214, Vauxhall Astra or VW Golf counterparts and I found it agreeably refined to drive.

All the new Civics have a pleasant five-speed gearbox; automatic transmission is £740 extra on three models. Only the least-expensive £9,295 DX lacks power steering.

The range-topping VEi is the first car in its class to have airbag crash protection for the driver as standard equipment. Honda says all the new Civics have been reinforced so they resist side impacts better than the previous ones.

If the new Civics, compact and fuel-efficient, represent the cars of the future, then the latest six-litre Jaguar XJ-S coupé must exemplify the car of the past.

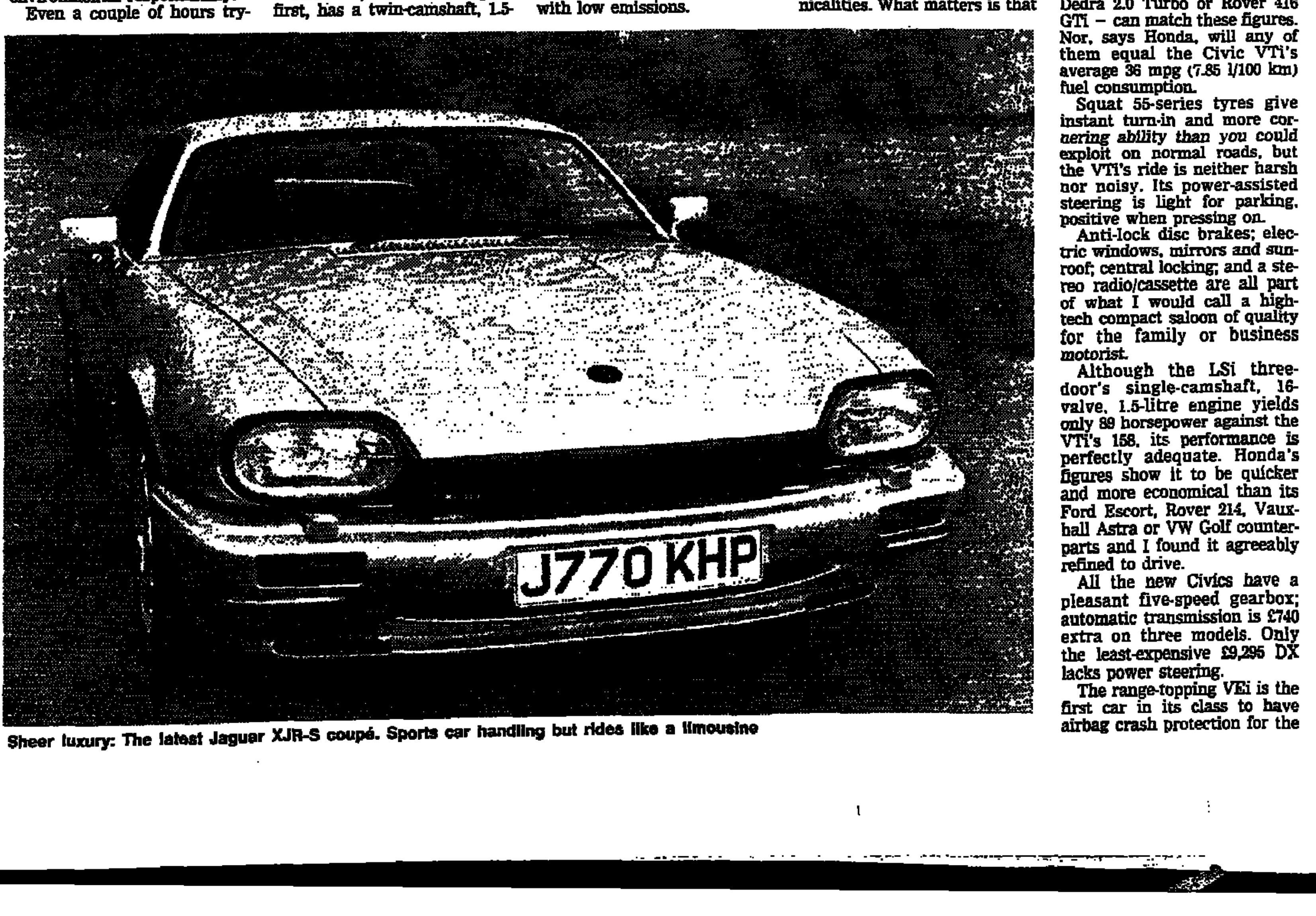
In these environmentally-conscious days, no-one can defend easily a fairly-cramped 2 plus 2 that is as big as a Ford Scorpio, weighs more than two tonnes and is powered by a V12 offering, at best, a 17 mpg (16.6 l/100km) average. But, having made my genuflection to green-ness, I have to say that this £49,950 XJR-S is superlative to drive.

Power pours from its engine (333 bhp at 5,250 rpm) with sublime smoothness. The GM automatic transmission – the same as Rolls Royce uses – feeds it to the massive rear tyres via a limited-slip differential so delicately that, even on this week's frosty Cotswold roads, I was untroubled by wheel-spin.

Firming the suspension has done wonders for the XJ-S's once-floppy ride. Big, heavy car though it is, the XJR-S feels as wieldy as a small and sporty one. It is not just a motorway cruiser, although I do not doubt it would be a magic carpet on an autobahn with its claimed 160 mph (257 kph) maximum.

The interior is a real slice of Olde England, with leather and wood veneer galore. Forget the rear seats; they are padded shelves for the Gucci bags that will overflow from the modestly-sized boot.

As Rolls Royce's present travails suggest, large, fuel-swilling luxury cars have probably had their day, certainly among the thinking classes. Whatever Ford, which now owns Jaguar, has in store for its prestige marque, it will not be another XJ-S. But the six-litre XJR-S will be a great car for Jaguar buffs to look back upon.



Sheer luxury: The latest Jaguar XJR-S coupé. Sports car handling but rides like a limousine

Honda's new Civic VTI 4-door saloon. Class-beating performance and economy

Back in the black at Christmas

***Lucia van der Post** asks three well-dressed ladies about their festive dress*

IF YOU WANT to know what the *fashion* pundits are wearing to parties this Christmas, the answer has to be black, black and black. It can be enlivened with *touches of fuchsia*, scarlet or gold, but the backbone of the outfit is nearly always a little black something . . . whether it be leggings or trousers, a jacket or a body-skimming little dress, the chances are it will be *black*.

This Christmas does not seem the season of the grand party or the important soirée, *more a time* for small dinner parties and family celebrations . . . judging, at least, by what the shops seem to be selling.

Here three women, all intimately involved with fashion but of varying ages and with different life-styles, discuss what they will be wearing to their Christmas celebrations . . .

ALISON LLOYD
of Ally Capellino
Alison Lloyd is the designer behind the Ally Capellino label. With her husband Jonathan Platt she owns and runs the Ally Capellino shop at 95 Wardour Street, London W1. Alison has two children, Hamish, seven, and Agnes, two.

"I don't go out a lot in the evenings as we lead a domestic life. I almost always wear my *own label and my clothes are* for women with a life-style like *my own* – a busy working life during the day and fairly informal in the evenings, either at home with the children or going out to friends. I often dress up just as much during the day as in the evening and so will often go out in what I have been wearing at work.

"I wear a lot of leggings but could just as easily go out in jeans and a T-shirt. For a party I would wear this crepe wool and viscose dress [photographed below left] which is a simple, strappy, sheath shape. I like black but I've chosen it in dark blood-red because almost everybody wears black. I like it because it is just a winter version of the sort of dress I *would do for the* summer collection – it costs £120. With it I am wearing red glass bead ear-rings (£28.50) and necklace (£32.50) and shoes from Bertie. Agnes, who goes to far more parties than I do, is wearing a brown velvet dress (£59.50) from my children's col*lection, which is only available* from the shop."

Alison Lloyd of Ally Capellino in her own blood-red shift dress and her daughter Agnes, two, in an *Ally Capellino brown velvet dress*

Sketched above is Hannah Palmer's own black coat-cum-jacket worn with *Jean Muir's Hurel* silk jersey trousers from Palmer, 4 Motcomb Street, *London SW1*. Hannah Palmer herself is photographed below in her own favourite Jean Muir shawl-collared dinner jacket.

Drawings: Annie Farrall
Photographs: Trevor Humphries

LADY KAREN BEELEY
of Image d'Or
Lady Beeley's small shop at 7 Pond Place, London SW3 offers a custom-made service at off-the-peg prices and as a result has a faithful band of *customers* who come back again and again. *Dancers* such as Elizabeth Macgorian (photographed inset *below* left wearing Lady Beeley designs) are particularly *fond of her clothes.*

Every season Lady Beeley *designs a small* "capsule" collection which can be seen in the shop but anybody who orders can have it made more or less to measure in ten days for the same price as it appears on the rail.

Lady Beeley loves simplicity of line and is already producing elongated 30s-style clothes that are predicted to be the look for 1992.

"I don't like the very tight little boned *dresses which* many people are wearing at *the moment*. I prefer clothes that skim the body but show *how it* moves underneath them. For evening at the *moment* I like a simple but dramatic look – strong shapes in brilliant colours contrasting with a black base. For instance a long fuchsia silk coat-dress [like the one sketched below] can be used either as a dress or as a coat or just as an elongated shirt, as here, over black satin trousers.

"When I go out in the evening I'm very often rushing straight from the shop and so I tend to go for simple clothes in stunning fabrics which I dress up with dramatic jewellery, which I love, and sell in the shop. I have a lot of antique Middle and Far-Eastern pieces although *I do detect in myself* a sudden and alarming passion *for gold.*" The silk *shirt-cum-*coat sketched here is £200 while the straight black satin pants are £85.

Photographed above is Elizabeth Maccgorian, a dancer with the Royal Ballet, wearing a silk coat dress, £200, over straight cut *satin* trousers £86 from Image d'Or, 7 Pond Place, *London SW3. Over them* she wears one of Karen Beeley'sEastern-influenced cloaks, £250. Sketched right: silk coat dress over satin trousers, Image d'Or

HANNAH PALMER
***of* Palmer**
Hannah Palmer is the best advertisement for the clothes from her own intimate shop at 4 Motcomb Street, London SW1. She is a devotee of black and for her simplicity is the essence of dressing, whether for day or evening.

She believes that really good clothes, if bought wisely, can *last and last. She is photo*graphed right wearing "a great old favourite – a long line unstructured dinner jacket with a shawl collar and one large black Perspex button, by Jean Muir. It has long been a great friend. I wear it with a skirt or with soft silk trousers and can dress it up for evening with jewellery.

"*Anybody looking for a con*temporary evening look would do well to build it round a really smashing jacket, long enough to cover the top of the thighs. I find my customers love jackets by Moschino or Rena Lange and though they are quite expensive they can be used to put several different looks together. It could be be teamed with a bustier and leggings for a young, sassy look, or with a short pleated skirt for a more elegant look, or with a narrow skirt or straight silk trousers for yet another.

"Our own label jacket, for instance [sketched above] teamed with Jean Muir's Hurel silk jersey trousers, £85, can be worn either as a dress on its own, with a skirt or with trousers. Although £620 may seem a lot it should last for years."

* * *

Here are some more *suggestions* . . .

■ Little pleated skirts are everywhere. Kookai, a French group of 10 shops (eight in London, *one in Leicester and one* in Bromley – tel: 071-499-4564) has the *perfect* version – in masses of colours, including black, burnt orange, dark green and grey – for £49.99.

■ A bustier can be had from £20 in cheaper chains such as Miss Selfridge to Moschino versions at £250 – the young can wear them on their own, the *not-so-young can* have them peeking discreetly from behind a jacket's lapel.

GARDENING/OUTDOORS

Science sows the seeds of success

***Arthur Hellyer** discusses the latest methods of germinating the more difficult plants*

MOST OF the seeds sold to gardeners have straightforward requirements. But that is not true of all, and it is the exceptions that can cause a great deal of disappointment.

There are, for instance, seeds with built-in devices which keep them dormant until it is safe for them to germinate in the wild.

There are also other special needs that may have to be understood and circumvented before you can be certain of success.

We can be grateful to anyone with the time and inclination to unravel such problems. Much of this work is done in scientific establishments with which ordinary gardeners have little contact. But one of the most useful and readily-available booklets on this subject is *Hints on Seed Germination* by Julia Kerley, quality manager at Unwin's Seeds Ltd, Histon, Cambridge. She controls the firm's laboratory, which deals with all matters to do with seeds.

Recently, she has added three items to her work which have not yet been recorded in this little booklet but have been made available to the public on seed packets and by special press and trade hand-outs. The three plants concerned are a half-hardy annual, Cleome spicata; a nearly-hardy perennial climber, Eccremocarpus scaber; and a hardy perennial, Meconopsis betonicifolia.

■ Cleome spicata is known popularly as the Spider Flower and is fairly big as a plant: 3 ft high with spiny stems bearing big flower-heads of showy, narrow-petalled white, lilac, mauve or pink flowers. It is said to have been the favourite plant of Claude Monet, the Impressionist painter (preferred even to his beloved water lilies), and it is certainly very beautiful. But its seed always has been considered rather erratic in germination.

Various solutions have been suggested but none has seemed to be entirely reliable. Now, though, Kerley and her team are now sure they have found the answer.

It turns out that a fluctuating temperature is essential for germination. How much it varies does not matter greatly provided this is reasonably substantial. If cleome seed is sown out of doors in May, it is probable that the natural variation between the day and night temperatures of the soil will be enough to trigger germination and after that all will go well. Kerley calls this the gambler's method although I do not think the risk is very great.

For committed gardeners, she suggests putting the seed pan in the domestic refrigerator at night and removing it to the airing cupboard by day, which will give a temperature variation all the way from 5°C to about 25°C.

This treatment is continued until seedlings start to appear; then, the seed pan is taken immediately into a normal heated greenhouse. (It is quite untrue, as is said often, that darkness is essential for germination of cleome seeds; they will grow equally well in the dark or light).

Kerley has two other methods to suggest for run-of-the-mill gardeners. One is to sow in a heated propagator on the greenhouse staging in April when the temperature will fluctuate from about 20°C at night to as much as 30°C by day.

The other is to sow on the open staging in an unheated greenhouse in April, when the temperature will fluctuate considerably from as little as 10°C to 25°C. She says that only temperatures below 5°C or above 38°C are likely to damage the seeds.

■ Eccremocarpus scaber, the Chilean Glory Vine, is a slender climber with finely-divided leaves and tubular flowers. It attaches itself to twigs or other slender objects by means of tendrils, and will live for years outside in a warm, sunny place since it can shoot up in the spring from its fleshy roots. It is an ideal conservatory plant without need of artificial heat.

The Unwin team's attention was turned to this plant only when the firm bred and introduced a fine new race of hybrids which was named Fireworks because it had flowers in various colours from yellow and orange to red. The team had no trouble germinating seeds but some of the customers did.

Kerley and her colleagues established quickly that, contrary to popular belief, sowing in darkness (which usually was recommended) depressed germination severely in all forms of the Chilean Glory Vine. Full germination will be secured only when sowings are placed in the light. Germination will occur over a range of temperatures from 5°C to 19°C but the seeds become dormant above that.

The recommendations are to sow on the surface of the seed compost and cover with a piece of tightly-stretched cling film to retain moisture. The seed pan should then be placed in a light position, but out of direct sunlight, in a temperature of 10 °C-15°C. As soon as germination starts, the film should be removed and 4mm depth of seed compost sprinkled over the seeds. After that, you should cultivate the same way as any other half-hardy plant.

■ Meconopsis betonicifolia, the Himalayan Blue Poppy, is an exceptionally beautiful plant, 3 to 4 ft high with sky-blue flowers early in summer. For many years I refused to sow packeted seed because fresh seeds from the pod could almost be guaranteed to germinate, but it took the Unwin team 10 years to crack the problem of making the seed germinate reliably after having been packeted and, perhaps, stored. The team is now so sure it has succeeded that this plant is in the 1992 seed catalogue.

The difficulty is due to a peculiar dormancy problem which must be resolved in the following way. Sow the seeds in pans but cover with only a trace of compost, for they need light. Enclose the pan in a polythene bag to maintain humidity and place it in a propagator, frame or greenhouse for two weeks at a temperature of 18°C-21°C.

After this, transfer the pan to the main compartment of a domestic refrigerator and leave it there until you see the first sign that the seeds are germinating, which usually takes about two more weeks.

Then return the pan to the greenhouse in the light and at the same temperature as before.

Individual seedlings should be picked out as they appear and should be grown-on for a while under similar conditions.

You should sow early in the year as it is difficult to get small seedlings through the winter. The larger they are by that time, the better chance they have.

Plant of the week

Schizostylis Viscountess Byng.

This is the freest flowering variety of Schizostylis Coccinea, a South African herbaceous perennial. It is usually sold by bulb merchants but it has only rudimentary corms and the stringy roots do not like being dried out. All varieties are far better purchased as growing plants, preferably in containers so that they can be planted with little root disturbance. The flowers are carried in slender, 15 to 18-inch spikes in autumn and early winter and are pale pink in Viscountess Byng, deep scarlet in the wild form, coccinea, and also in a larger flowered variety named Major. All like to be grown in porous soil that is kept moist in summer and in full light. All are a little tender but will survive some frost and can be vary satisfactory in patio gardens or close to a south-facing wall. AH

An apple a day keeps Emu away

***Robin Lane Fox** lambasts the Eurofruit*

LIKE MOST of the top growth in the garden, the fruit has finally had it. Neglected trees have stopped showering me with pears for stewing; black plums have shrunk to the size of small damsons; and, last, there is an end to the fallen apples of forgotten species which are quicker to make *tarte aux* worms than *tarte aux pommes*.

From now on, it is the Golden Delicious again, Europe's standardised apple. We may call it sovereignty, but the basic cause is rather different; apples are a primary reason why people who cannot tell an Ecu from Emu believe deep down that bureaucratic union is not all concord and rationality.

During this autumn, perhaps you have shared a cowardly feeling: have not our own governments made such awful muddles that it would be better to hand all decisions to a nice European council who would do it all for us and stop endless booms and slumps?

If you recognise this craven instinct, remember the apples and think again. During the 1970s, Europe imposed a standard apple on its public for no good reason except uniformity. The Vale of Evesham grubbed up its trees; the threat of illegality descended on proven favourites like Bloody Ploughman and Lady Sudeley; and we had to buy shrink-wrapped tennis balls, the neutral fluff of which was neither Golden nor Delicious. It merely "conformed to specifications."

Not long ago I traced these fluff-balls to their heartland, the Golden Delicious triangle between Avignon and Carpentras. One efficient day's spring, co-ordinated from Worcester, could kill off most of the stock more quickly than anything in Columbia or Pakistan.

As yet, we cannot spray it, but we can still outflank it. Fruit lists are not confined to the new and trendy where jostaberries vie with boysenberries and every cooking apple is Bountiful. There are still some proven old-timers which are not ashamed of aromatic flavours and rough russet skins. Stocks are usually low, but demand could provoke supplies. Just as old-fashioned roses became the craze of the past three decades, old-fashioned apples are set to bounce back in the post-Maastricht era.

Like old roses, old apples have inviting names. They have less of the rose's snobbery, no faded comtessas and only a few forgotten lords like Strudbroke. They are stronger on regional favouritism and such robust rural virtues as Hereford Beefing or King of Tompkins County. They do not catch blackspot or trap us in forms. They span an endless predation of flavours, from sweet-scented Tower of Glamis to the sharpness of May Queen or the acidity of Stark's Earliest. Where is the committed Eurocrat who would prefer another Golden Delicious to the scented fruit of Gascoyne's Scarlet, one of the hundreds of casualties of the mindless EC drive to standardise fruit?

Old-fashioned apples, like old roses, are set to bounce back

The difficulty has always been to find stock of old friends and buy them. This year, the task is very much easier because the 1991 *Plant Finder* has included hundreds of types of fruit for the first time.

When faced with 20 pages of unknown apples, you might well give up and return to something well-known like Elstar or James Grieve. If you want to branch out, I suggest that you refer to library copies of Edwardian experts' books on fruit. Connoisseurs like Bunyard and Laxton knew the little tricks of most apples, and their books still give you an honest head gardener's view of varieties which otherwise remain mere names.

Where can you find a wide range of bushes, well off the beaten French track? Family Trees at P.O. Box 3, Botley, Hampshire SO3 2EA, lists about 70 non-European alternative apples, although insisting on minimum orders worth £30. In the north, the Tweedie Fruit Tree Nursery at 504 Denby Dale Road West, Calder Grove, Wakefield WF4 3DB, lists even more, without overlapping, and will supply by post without a minimum order value.

Both these firms will sell you one-year-old maiden trees which are much cheaper and often more convenient. In the world of fruit, too, maidens are untrained and amenable to coaxing and guiding. If you want to train or tie apples down into the shapes of particular fans or fences, maiden trees are a cheap, flexible type with which to begin.

Neither firm is strong on the particular varieties I have mentioned with fondness: here, you need the remarkable list of Keepers Nursery, 446 Wateringbury Road, East Malling, Kent ME19 6JJ. A great connoisseur of apples has alerted me to this list, which must be the largest in existence; but you must remember that stocks of the rare forms are very scarce indeed and buyers will have to be patient.

Meanwhile, you can tantalise taste buds with a type-sheet of more than 200 non-conforming, non-standard varieties. Let them have a single currency, so long as we can avoid their awful fruit. Who wants another mouthful of bureaucratic fluff when we can be eating our own Cornish Gillyflower or a D'Arcy Spice with a taste which is simply classed as "vinous?"

Fishing

Tales from the riverbank

ONE OF the mysteries of publishing is that more companies do not go bust, given the tosh they produce. I saw a book recently called *Mega Pike*, written by one Edward Turner. The blurb says he is known throughout the fishing world as "ET." Not by me.

The awfulness of most fishing books makes the demise of a decent publishing company doubly unfortunate. Only last year, I was bewailing the disappearance of Unwin Hyman which, under the discerning direction of Merlin Unwin, had published more than its share of good books.

I am delighted to report that Unwin has set up his own outfit, having apparently retained his faith that quality will sell, even in these difficult times. I hope he is right and he has certainly got off to a promising start.

Mike Weaver's *The Pursuit of Wild Trout* (Merlin Unwin Books, £16.95) is a most entertaining mixture of instruction, philosophy and reminiscence from a man who seems to spend more than his fair share of time catching more than his fair share of trout from some of the loveliest and least spoiled rivers in the civilised world. The book is produced beautifully.

Even more valuable is Peter O'Reilly's *Trout and Salmon Rivers of Ireland* (Merlin Unwin, £15.95). Any angler who can dip into this encyclopaedic guide without being seized by an immediate urge to take a six-month sabbatical in that incomparable island has something wrong with him.

One of the writers Merlin Unwin brought to the fore in years past was Chris Yates, whose *Casting At The Sun* and *The Deepening Pool* were, properly, hailed as classics. The first of these has been re-issued in a paperback (Pelham, £10.99) and should not be missed. It is extraordinarily good – humorous, wise, exciting, and alive with the obsessive, daft passion of the sport.

Ian Niall is a prolific journalist whose celebration of the lonely lakes of north Wales – *Trout From The Hills* – was published 30 years ago and then went out of print. It is a book full of charm and its re-issue is most welcome (H.F. and G. Witherby, £14.99).

The company has also brought out a selection from the writings of Sidney Spencer under the title *Fishing the Wilder Shores* (£13.99). Spencer was an elegant and passionate writer about the remote, windswept countryside of Scotland and Ireland, and this volume does him overdue justice.

I enjoyed John Wilson's *Go Fishing Year* – featuring the jolly star of television – more than I expected (Boxtree, £15.99). It has the advantage over the Channel Four films of being free from all the cackling hilarity and the cries of "Wotafight!" and "Wotafish!" Wilson is no stylist, but he is good company. I could say the same of William Scrope, whose 19th-century classic, *Days and Nights of Salmon Fishing*, has been re-issued handsomely by the Flyfisher's Classic Library (£45).

Before fishing on the Spey last May, I read *Waddington On Salmon*, a new book from an ancient colossus of the fishing world, Richard Waddington (Crowood, £16.95). It is written in a rather rough-and-ready way but struck me as being full of wisdom and authority. This book, I thought, would help me catch fish. I caught nothing, but I do not blame Waddington. His words are well worth having.

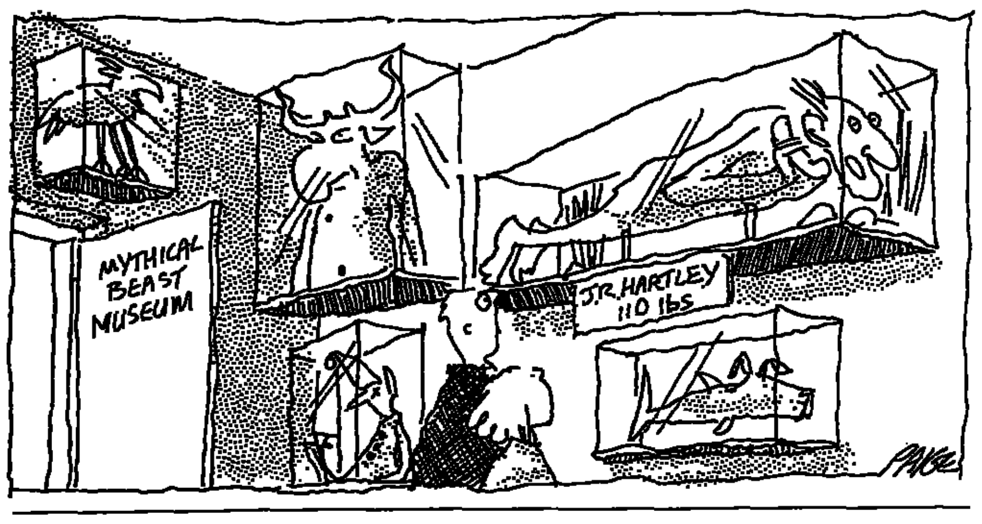
I cannot say as much for Nick Maskrey's *To Catch A Trout* (Souvenir, £12.99). This purports to be "A Complete Guide To Fly Fishing For Beginners," but has neither chapter headings nor index and is, therefore, almost useless. Students should read Dermot Wilson's *Fishing the Dry Fly*.

Both David Barr's *Twice Hooked* (Berskwell, £9.95) and Bruce Sandison's *Long Walks With Little People* (Mainstream, £10.99) tell of the joys of fishing with the family. Barr's approach is quietly humorous, Sandison's heavily facetious. I have enjoyed articles by both men but I do not think these books show them at their best.

The only intriguing thing about *Sotheby's Guide To Fly-Fishing* (Dorling Kindersley, £20) is: why Sotheby's? It is a large, lavish and handsome book, the cover of which is marred inexplicably by having a picture of a horribly snub-nosed, ragged-finned rainbow trout. It is one of those modern productions in which the photographs and diagrams are of far greater significance than Charles Jardine's rather humdrum text. As a result, it is bland and characterless, like international airline cuisine.

Finally, I suppose I must mention J.R. Hartley's *Fly Fishing* (Stanley Paul, £8.99), spawned by the television commercial in which that maddening old dodderer with the beatific smile uses the Yellow Pages to track down his mouldering magnum opus. Instead of the gentle, nostalgic musings I had associated with the character, we have here broad farce – a riverside version of the television series *'Allo 'Allo*. I found it painfully unfunny although I must add (in its favour) that it is cheap.

Tom Fort



Country View/**Michael Stourton**

Why Britons must keep their acres

MOVING, as we apparently are, towards tighter political, commercial and cultural union with Europe, I have a nasty feeling that mandatory use of hectares, rather than acres, in the rural, agricultural and forestry spheres may lie just round the corner.

That would be more than a pity; it would make for a still wider gap, philosophical and practical, between the bureaucrats and the country people whom they serve.

The reality is, as the politicians say, that virtually all country people deal and think in terms of acres. Land is valued, bought and sold in acres. Country people have in their minds a clear picture of what, say, a six-acre enclosure looks like. Farmers assess stocking rates for livestock and crop yields against a background of acres. Only when they turn to deal with ministry forms are they compelled to use a language of measurement that is unfamiliar to them. The same is true of forestry and the Forestry Commission.

Open the property advertising pages of, for example, *Country Life*, *Farmer's Weekly*, the *Field* or, indeed, the *Weekend FT*. See how many of the properties described are measured in hectares. Probably none. The one leading UK estate agency firm which "went metric" with a flourish quietly dropped hectares after a few months and crept back into the acreage fold.

So much of history is bound up with the land. How satisfactory to be able to look up old records and legal documents knowing that they will be expressed in familiar acres, even if one does, now and then, have to take on board a cluster of rods, poles and perches.

Should we say, "No, no and no" to an obligatory single unit of land measurement? To country folk, the idea of a single unit (that is to say, a Continental unit) of land measurement is far more repellent than a single unit of currency.

In continuing to use acres, we need hardly feel reactionary. Our friends and allies of the New World use the very same acres as ourselves. But, to show flexibility, we could always copy the practice of that authoritative journal, *Farmland Market*. In reporting and analysing agricultural sales and rents, it now gives, for each property or transaction, both acres and hectares. This solution seems entirely equitable.

But those who are in day-to-day contact with the land will, no doubt, be doing what they always have done; that is to say, thinking, dealing and writing in terms of the tried and trusted acre (there are 2.471 to the hectare).

BOOKS

Some irresistible reading for children

TO CAPTURE – and hold – a child's attention ought to be the aim of every writer and illustrator of books for children. Here *MICHAEL GLOVER*'s selection consists of titles published this autumn that in our opinion have done just that. And as a quick aid to the buying of presents, we have extracted from this selection ten outstanding titles of our choice – at least one from every category. Publishers and readers alike should be warned that these titles are not presented in order of merit.

Eleven-plus

SOME of this season's strongest novels for good readers of ten and above are works of historical fiction, and one of the best of these is *Grace* by Jill Paton Walsh, a first-person retelling of the story of Grace Darling, the young woman whose fame was secured by her daring act of bravery in rescuing the survivors of a shipwrecked paddle-steamer in 1838, an act that turned her almost overnight into a national symbol of fortitude and bravery. But how did the local people respond to all this wearisome attention? That is Paton Walsh's theme.

Theresa Tomlinson lives in Sheffield and her fifth novel, *The Rope Carrier*, explores the terrible hardships endured by one of the many family of rope-makers who eked out a meagre living in the dank, inhospitable caves of the Peak District towards the end of the eighteenth century. The book is illustrated with contemporary engravings. Charles Ashton's remarkable first novel, *Jet Smoke and Dragon Fire*, is a fantasy set in a village where all the familiar technology exists for living in the world of the present – there are televisions, telephones, calculators, for example – but no one seems to know how to use it: on top of which, the children are burdened by the problem of a teacher, Ms Minn, whose funny "turns" keep on driving her up into the mountains in pursuit of goodness knows what...

In *The Shoemaker's Boy*, a short novel with the resonances of the folk tale, a shoemaker's son is forced to pit his wits against some strange nocturnal visitors, a black knight who demands that the boy make him a new pair of boots before breakfast, and a white knight, his antagonist, who presents Jem with a small square of folded white silk that he must guard with his life. Joan Aiken's finely crafted tale compels and haunts.

In *The War and Freddy* we move from medieval combat to the brutalities of the recent past. Dennis Hamley has written a very convincing and utterly unpretentious fictional account of how the Second World War might have been experienced by a young boy whose father is called up. The local boys form their own "home guard": they are on the alert for unexploded bombs; they reconnoitre for spies. This book was short-listed for the Smarties Prize.

Reading aloud

THE five-year-old heroine of *Sophie Hits Six* is determined to become a lady farmer when she grows up, and every move she makes – from the naming of her pets to the invitations to tea that she succeeds in extracting from her school friends – is planned with that goal in mind. This is an ideal book for reading aloud to spunky little girls.

Bold images

MARY Hoffman's *Amazing Grace* is the story of a Trinidadian girl, living in England, who loves to act out stories. Above all, she wants to play the part of Peter Pan in the school play. But one of her school mates says that she can't because... well, she's a girl and, what's more, she's black. But her Nana says: "You can be anything you want, Grace." *Amazing Grace* is one of the outstanding picture books of the year. The images of Grace, drawn by Caroline Binch, posing as Joan of Arc, Anansi the spiderman, Hiawatha or Dick Whittington are of a rare quality: sharply realistic, but with a freshness and an eye for colour and bodily shape that is unusual in an illustrator of children's books. It is also, and inevitably, a book with a message. But it never beats a drum.

Martin Waddell has written more than 80 books for children, and his two new publications, *The Happy Hedgehog Band* and *The Toymaker* demonstrate how easily his talents seem able to swing from one style of verbal representation to another. The first, the manic tale of Harry, a hedgehog whose love of drumming sweeps through the forest like a fire, is quite different in mood from the beautifully restrained *Toymaker*, a book that weaves together two strands of what is essentially the same story: that of a toymaker whose gifts live on from generation to generation. This book is as quiet and as redolent of the past as the other is tumultuous, exuberant and up-to-the-minute.

Nursery time

IT IS difficult to choose between Michael Foreman's *Mother Goose* and Alan Marks' *A Book of Nursery Rhymes*. Page for page, Foreman's book is better value for money; and it would be the natural choice of those who wanted children to own and grow up with a collection of nursery rhymes that looked much like the one they probably grew up with. Alan Marks', however, has a zestfulness and an edge of originality that Foreman's, for all his experience as an illustrator of children's books, seems to lack. Marks' double-page spreads are more energetic and unusual than Foreman's; animals leap, jump, fly, skedaddle off the edge of the page, leaving the eye breathless with excitement. Marks is also very good at setting a silhouette beside a full-colour illustration, a device which both jars and stimulates. On the other hand, Marks' book costs £9.95 for 97pp, and Foreman's £12.99 for 152pp.

The Orchard Book of Nursery Stories is an outstanding collection for the under-fives, simply re-told, delightfully illustrated, and with a solid repertoire of favourites, which include "The Gingerbread Man", "The Three Little Pigs" and "Henny Penny".

But children who can read well on their own must be bought the companion volume to Brian Patten's collection, the excellent *Puffin Book of Twentieth-Century Children's Stories*. Its editor, Judith Elkin, has taken the bold decision to use extracts from some of the best children's novels of the 20th century (*Watership Down, The Iron Man, Little House in the Big Woods* and *The Borrowers*, for example), and this marvellously varied sampler should have the very desirable effect of leading children on to explore not only the complete books from which these samples have been extracted but other titles by the same authors. Extracting is always a difficult business; fortunately, Judith Elkin is a highly experienced editor.

Any book that takes the festive season for its theme is liable to slip into mawkishness or worse; but too or three titles have succeeded in avoiding these pitfalls this year. Jane Ray's *The Story of Christmas*, whilst entirely traditional in its presentation of the gospel story, is the best of these. The paintings are figuratively spare in the manner of pre-Renaissance painting, but the colour – especially in her use of gold highlights – is ravishing. Sara Freedland's pop-up presentation of the Jewish festival of *Hannukah!* is a fine demonstration of the limits to which cardboard technology of this kind can be pushed. The battle between the Syrians and the Greeks for ownership of the temple is the most dramatic of several lavishly illustrated tableaux.

Jesus' Christmas Party is written from the point of view of the innkeeper whose sleep is interrupted again and again by groups of ever stranger visitors. To retell the gospel story with any degree of humour or originality is a difficult thing indeed, and Nicholas Allan's success is only partially tainted by the meanness of the book's format.

Outstanding: one of Caroline Binch's illustrations from Mary Hoffman's 'Amazing Grace'

Poetry with pictures

BRIAN PATTEN'S *The Puffin Book of Twentieth-Century Children's Verse* is the autumn's outstanding anthology of children's poetry. Patten, a well-published poet in his own right, has succeeded in giving an element of surprise at every turn of the page by a judicious selection from the poets of his choice (almost 100 are represented in the book) and a telling juxtaposition of the poems themselves. Michael Foreman's line illustrations emphasise the mood of the poetry without in any way obscuring its message. An interesting touch is Patten's decision to run the poems in reverse chronological order: the youngest poet, Richard Edwards, opens the collection; Thomas Hardy closes it. A special commendation to the designer too: the typesetting is bold and marvellously readable.

One of the younger poets represented in Patten's book is Michael Rosen, whose new title *Who Drew On The Baby?* is his first full collection for six years. Rosen's distinctive brand of anarchic humour seems to spring from the very centre of the child's consciousness; the wild, raucous jokes always sound as if they had been overheard. Perhaps they had.

Charles Causley is a poet who has been making an important and distinctive contribution to children's literature for several decades, and *The Young Man of Cub* finds him back on ground that over the years he has made his own – the misty, quirkish world of Cornish myth and legend that he captures in stories most often written in ballad metre. One of the best in this book is "Seven Tales of Alder", in which that venerable tree unlocks some of its innermost secrets. Michael Foreman illustrated this one too – in full colour this time.

Guide at a glance

Puffin Book of 20th-Century Children's Verse; ed. Brian Patten Viking 414pp, £12.99. *Who Drew on the Baby?*: Michael Rosen, Andr'e Deutsch Children's Books 3Opp £7.99. *The Young Man of Cury*; Charles Causley, Macmillan Children's Books l12pp, £9.99. *Michael Foreman's Mother Goose*; Walker Books 152pp, £12.99. *A Book of Nursery Rhymes*; Alan Marks 97pp, £9.95. *The Orchard Book of Nursery Stories*; Sophie Windham, Orchard Books 96pp, £9.99. *The Puffin Book of 20-Century Children's Stories*; ed Judith Elkin, Viking 524pp £12.99. *The Story of Christmas*; Jane Ray, Orchard Books 32pp, £8.99. *Hannukah!*; Sara Freedland & Sue Clarke, Robson Books 14pp, £9.99. *Jesus' Christmas Party*; Nicholas Allan, Hutchinson 32pp, £4.99. *Amazing Grace*; Mary Hoffman & Caroline Binch, Frances Lincoln 25pp, £7.95. *The Happy Hedgehog Band*; Martin Waddell & Jill Barton, Walker Books 32pp, £6.99. *The Toymaker*, Martin Waddell & Terry Milne 24pp, £7.99. *Sophie Hits Six*; Dick King-Smith, Walker Books 128pp, £6.99. *The Shoemaker's Boy*; Joan Aiken, Simon & Schuster Young Books 46pp, £6.99. *The War and Freddy*; Dennis Hamley, André Deutsch Children's Books 11Opp, £4.99. *Grace*; Jill Paton Walsh, Viking 256pp, £8.99. *The Rope Carrier*; Theresa Tomlinson, Julia MacRae 126pp, £8.99. *Jet Smoke and Dragon Fire*; Charles Ashton, Walker Books 214pp, £8.99.

Ten Outstanding titles from the publishers' autumn lists

- *Puffin Book of Twentieth-Century Children's Verse*; Brian Patten, Viking £12.99
- *A Book of Nursery Rhymes*; Alan Marks, Picture Book Studio £9.95
- *The Orchard Book of Nursery Stories*; Sophie Windham, Orchard £9.99
- *The Puffin Book of Twentieth-Century Children's Stories*; Judith Elkin, Viking £12.99
- *The Story of Chrisimas*; Jane Ray, Orchard £8.99
- *Amazing Grace*; Mary Hoffman and Caroline Binch, Frances Lincoln, £7.99
- *The Toymaker*; Martin Wddell and Terry Milne, Walker Books £7.99
- *The Shoemaker's Boy*; Joan Aiken, Simon & Schuster Young Books £8.99
- *Grace*; Jill Paton Walsh, Viking £8.99
- *The Rope Carrier*; Theresa Tomlinson, Julia MacRae £8.99.

Drink to the melodrama

*The saloon bar said it all for Hamilton, says **Anthony Curtis***

THROUGH A GLASS DARKLY: THE LIFE OF PATRICK HAMILTON
by Nigel Jones
Scribners/Macdonald £18.95, 408 pages

THE AUTHOR of those great stand-bys of the amateur stage, *Rope* and *Gas Light*, saw life through a glass darkly in more senses than one. The glass into which he peered when he was a young author was usually a glass of bitter. Around seven pints in an evening was par for his course. In his more affluent latter years, when those melodramas were yielding a steady income, the glass was filled, and re-filled many times, with scotch. The autobiography Hamilton began in 1961, and never completed, started as *The House of Hangovers* but its provisional title was changed to the more brutally honest *Memoirs of a Heavy Drinking Man*.

By the age of 58 drink had ruined him. In 1962 he died of it in the flat he and his second wife, known to her friends as La, had taken on the Norfolk coast. That was after Hamilton had undergone several attempts at a cure for his alcoholism, involving dryings-out and sessions of electric shock treatment. Nigel Jones's account of Hamilton's years of decline when he was too distraught and weak to work is painful to read even now. Hamilton still had books inside him he wanted to write, but he just could not get them down on paper. His sequence of novels, based on the murderer Neville Heath, seen fairly recently adapted for television featuring Nigel Havers, was left unfinished, as was a project stemming from Hamilton's love of poetry and folk language, a dictionary of rhyming slang he was compiling.

But if drink was Hamilton's undoing as an individual, it was his life-blood as an author. Among the serious critical appraisals his work has inspired from admirers like J.B. Priestley, Walter Allen, Doris Lessing and Michael Holroyd, there is Peter J Widdowson's *The Saloon Bar Society: Patrick Hamilton's Fiction in the 1930s*, whose title says it all. London pubs and boarding houses, seaside hotels, the Metropole in Brighton, the West Pier, places of habitual refreshment and recreation, were Hamilton's England – a rather small, insular one by the standards of a Dickens, or even a Graham Greene, but nonetheless rich and resonant in its disclosures of the après-war way of life.

Take that little group standing at the bar. They look as if they have had a few, don't they? Did you know that the woman, a raving beauty, is consumed by ambition to get into films and will stop at nothing to fulfil it? Or that the chap with his hand on her sleeve was one of the bully boys at last Sunday's fascist rally? Or that the dopey fellow they are always teasing is a schizophrenic? Glimpsing them through the lens of his rapidly emptying tankard, Hamilton sees into them – and then right through them. He recreates, not just how they look and behave but, with uncanny accuracy, the meaningful banality of their drunken talk. All of this may be checked by reference to his masterpiece, *Hangover Square* (1941), "a story of darkest Earl's Court".

It is a key book to understanding the mood of the ordinary people in this country in the run-up to the Second World War, the period between Munich and Chamberlain's announcement of war in 1939. The prime minister's famous broadcast registers peripherally upon the hero's consciousness as he plans his *crime passionel*. The novel is also a classic account of a split mind. "It was" – Hamilton tells us – "as if a shutter had fallen" inside the man's head. He wanted peace but to get it he had to kill.

Nigel Jones fills in the background. Hamilton was not temperamentally like George Harvey Bone, his gentle killer. Nonetheless he became sufficiently like him in the end to threaten to destroy the sanity of the people closest to him – his first wife Lois Martin, his second, Lady Ursula Chetwynd-Talbot, and his brother Bruce, who wrote his own book about Hamilton. They finally joined forces to try in vain to save him.

Yet it is clear that, when he was not stoned, Hamilton was an enchanting fellow to know. He belonged to that small band of English novelists – they include Ford Madox Ford, Ian Fleming and P.G. Wodehouse – who were serious golfers. Among its other delights *Hangover* contains one of the best descriptions I have ever read of a fictitious round of golf. Bone plays alone with borrowed clubs on an empty course, yet Hamilton generates as much excitement as if it were an open championship. Later one of the murders is executed by a powerful swing of Bone's with a golf club. Hamilton's non-golfing literary friends included Michael Sadleir, the publisher and Trollopian, writers like Arthur Calder Marshall, Claud Cockburn, whose brand of ironic well-bred Marxism Hamilton shared, and the book-critic, John Davenport.

Hamilton's childhood, like that of his brother and sister, was sacrificed on the altar of gentility in Hove. Hence the intimate knowledge and love of Brighton displayed in many of his books. Father was a heavy drinker, a clubman and barrister who never practised, Mama had been married and divorced when she unhappily took Bernard Hamilton as her second husband. They forcibly indoctrinated their offspring with their shoddy values. But as soon as he had broken out of the conventional educational system, Hamilton started to write. After some early fiction, the play *Rope* based on the Leopold and Loeb case in the US, just seem to come to him out of the blue and was an instant hit. It never stopped being performed, which meant that Hamilton was rarely short of money. At the height of his fame Hamilton lived the life of an author of renown in Piccadilly's Albany.

The sado-machoism *Rope* enshrined was a consistent feature of the plots of all his plays and novels. He managed to sublimate this tendency in his writing while it continually scarred a life that was highly creative, recklessly generous, but maritally disastrous because of the personal malaise he could never shake off. However triumphant his career became, he was a born loser in his private affairs. His unrequited loves discussed here include the exotically named Maruja Mackenhenie of Scottish Peruvian descent, who still remembered him fondly when interviewed as an old lady of 90 in Lima. She was the sister of Hamilton's dashing friend Carlos who became Peru's ambassador to the UN. Then there was the actress Geraldine Fitzgerald, the model for Netta in *Hangover Square*, and the film-star Paulette Goddard.

Nigel Jones does not write anything like as well as Hamilton, but he has a decent respect for him and he has certainly unearthed some fascinating material.

Getting to grips with Islam

MUHAMMAD: A WESTERN ATTEMPT TO UNDERSTAND ISLAM
by Karen Armstrong
Gollancz £9.99, 290 pages

THIS BOOK is properly subtitled. It is an attempt, and an attempt which fails. Those who want to understand Islam would do better to go straight to the publications of some body such as the Islamic Teaching Centre – e.g. Hammudah Abdalati's *Islam in Focus* – for, whilst Karen Armstrong is no stranger to religious experience (she was a nun for seven years), and she tries to empathise with Muslim responses to the Koran, her book never really comes to grips with a problem that she herself identifies in the introduction: that there is Islam, and there is Fundamentalist Islam, and the two rarely converge.

Islam, despite Voltaire, does not equate with fanaticism; and understanding Islam is a matter of straightforward scholarship. But understanding Fundamentalist or Militant Islam requires a complex grasp of history, politics and anthropology, and it comes easiest to those who have already accepted some other brand of Fundamentalism. So the present Archbishop of Canterbury can relate to the anger felt by Muslims over issues of blasphemy in a way that other Anglicans could not.

Armstrong lacks the elegance of some classic Western accounts of the life of Muhammad (e.g. Washington Irving's) and she has nothing like the cheeky aplomb of Richard Burton (the one who went to Mecca disguised as an Afghan vagabond). But the classic Western accounts of Muhammadism tend to be tinctured with Christian disapproval of what was perceived as the prophet's "licentiousness" – still a touchy subject, as no one knows better than Salman Rushdie – and it is good to be reminded that King Solomon had a harem which "makes Muhammad's look quite pathetic".

A tone of studied impartiality dominates this book, which is to its credit; and the publishers are right to trumpet the book's motivation as important. Not long ago I had the odd experience of going to an Indian restaurant in Bradford whose premises were a former chapel. This was odd for one who spent many hours of his youth in the pews of such a chapel. If I had been fanatical, I would have taken offence against the sight of a baptismal font turned into a bijou interior fountain. Coming out of this chapel/curry house, I noticed across the road some enormous structure going up. A new Tesco? No: a new mosque – promised to be the biggest in Europe.

The truth is that Islam is growing and Christianity is in decline; though there is growth on both sides in their Fundamentalist versions. It becomes any citizen to know about the life and tenets of the prophet Muhammad. Whatever his message, it is making sense to an increasing number of people.

Nigel Spivey

Time for crime, murder and mystery

IN THE old days, with the arrival of the festive season, the announcement of a new Agatha Christie was as expectable as the Illumination of Regent Street. Since the author's death, there have been a few much publicised posthumous works, several sporadic anthologies, and now – obviously some last, desperate scrapings – a "new collection" of Christie stories has been issued, entitled (after one of the slightest pieces in the volume) *Problem at Pollensa Bay* (HarperCollins £13.99, 227 pages).

The book comprises eight stories of varying length, from the wry anecdote to the more elaborated novella; all of the contents have already been published, either in periodicals or in American volumes, but are still largely unfamiliar, even to the most dogged fan. They range in date from 1925 to 1971.

Their range of tone is also considerable: the wistfully romantic "Next to a Dog", the vaguely supernatural Mr. Harley Quin tales and the wry Parker Pyne moralities are flanked by the more strict investigative puzzle. Miss Marple does not appear, but Poirot shines in the two best pieces in the book, one later expanded and called "Dead Man's Mirror".

Anthologies of murder – or mystery – stories have become a popular seasonal item in publishers' lists, though the genuine devotee usually prefers a full-blown novel. The narrow confines of the story rarely give the author space to develop a really complicated puzzle, and the sleuth rarely has much time for reflective chewing on his pipe.

Still, several collections, based on a specific theme or setting, have recently attracted attention. One of them, Murder in the Vicarage, edited and (charmingly) introduced by Rex Collings, does include a brief appearance by Miss Marple (who starred, after all, in the Christie novel of the same name). The term "vicarage" is taken loosely to mean clerical crime, so there are some chapters from Edwin Drood (with a cogent proposed solution) and – venturing well beyond the close – H.S Harrison's turn-of-the-century story "Miss Hinch", set largely in New York's Lexington Avenue subway, from Harlem to 14th Street and environs. An unfortunate typographical lapse (some lines are dropped at the bottom of page 57) spoils the effect of M.R. James's classical ghost story "The Residence at Whitminster".

An anthology of tales involving chess, Sinister Gambit, edited by Richard Peyton (Souvenir Press, £14.99, 318 pages), includes far more mystery than murder, and rather too much of the supernatural. Robert Barr's "A Game of Chess" is a good old-fashioned tale-within-a-tale, with an ingenious murder; and Poirot appears in a neat, brief investigation, outwitting Inspector Japp, of course, and mystifying Hastings, his devoted recording angel.

The reliable Winter's Crimes series has now reached its 23rd edition (Macmillan, £12.99, 184 pages), and the new editor, Maria Rejt, has brought together a nicely varied group of eleven stories. Among the best is Robert Barnard's grim and beguiling late Victorian story of deaths by s. bliss ("s" can stand for "supreme" or for "sexual", depending on how you regard it, surely a splendid lethal weapon); there is also a nice underworld tough story by Jonathan Gash, some fantasies, a sad, ironic Inspector Ghote episode from H.R.D. Keating, an exotic African horror story by Alan Schofield, and expert performances from the rest.

Some of the same performers appear in Crime Waves I (Annual Anthology of the Crime Writer's Association), edited by Keating (Gollancz, £13.99, 189 pages) and the debutant Midwinter Mysteries I edited by Hilary Hale (Scribners, £12.95, 178 pages – including welcome biographical notes on the contributors).

The brief stories are sometimes no more than anecdotes, usually determined by a murderer's foolish mistake – wearing the wrong scent, trusting the wrong accomplice, trying a double or triple deception and failing to fool the police – and some are simply jokes, like Michael Z. Lewin's little Dan Quayle spoof (in *Crime Waves*).

Few of these contributions will add much to their writer's reputation, but all will contribute something to the reader's pleasure, and the volumes will serve nicely for the guest room in the country house or, indeed, the vicarage.

William Weaver

Literary competition

You still have time – just – to enter our Literary Competitions: the deadline is next Tuesday evening and you can use our fax number 071-873 3197.

Either write a topical *haiku* (three lines – 5,7,5 syllables) or a personal column advertisement that might be submitted by a well-known writer, past or present.

Entries addressed to the Literary Editor; prizes of £100; results in the paper of December 28.

Saleroom

The hype comes home to roost

RATHER LIKE the Chancellor of the Exchequer, as soon as the auction houses see a chink of light at the end of the recession their hopes are confounded. As they approach the Christmas break, they can consider that they are past the worst but still a long, long, way from the best, or the satisfactory. It is doubtful whether either Sotheby's or Christie's will be able to report even a marginal profit on the year's business.

Those who live by the hype shall perish by the hype. Sotheby's, and to a lesser extent Christie's, must be rueing the day they energetically sold Impressionist and Modern art to a new breed of speculator-dealer: then they were acquiring collections to sell by offering guarantees to the vendors, and making things easier for the buyers by offering loans.

Sotheby's became ensnared in a lending disaster when Alan Bond failed to make good the payments on Van Gogh's "Irises", and now Christie's has been caught out on its guarantee, rumoured at around $28m, on the Tremaine collection. The failure to sell two major paintings, by Mondrian and Miró, ensured that Christie's is out of pocket on the deal – although it now owns two major modern works.

Last week in London there was no sign of any revival in this sector and, what is worse, there is no expectation of any imminent upturn. Both salerooms will be very choosy about the Impressionists and Moderns they accept for 1992, especially works of art forced on to the market by banks foreclosing on creditors. Two years ago post-1870 art accounted for over 50 per cent of their turnover and even more of their profits. Now it is down to 25 per cent, and falling.

While Impressionist and Modern art has stumbled, contemporary art, traditionally more volatile, has done reasonably well. The most expensive painting sold in London last week was one of Francis Bacon's "Popes", for £1.98m; and the Germans are still buying contemporary German art.

On the same day it looked as if the corner had been turned when Samuel Messer's collection of English furniture exceeded all expectations and made £7.6m. This was one of the most successful furniture sales since the war, confirming that top quality items of good provenance will still get the dealers competing.

Taken alongside encouraging auctions of silver, jewels, prints, books and ceramics, it seemed as if the traditional works of art, the antiques that Sotheby's and Christie's had built their reputation upon, had proved their worth and held their value during the recession. Prices might be lower in some areas, but only low enough to tempt back genuine connoisseurs.

The optimism lasted until last Tuesday, when Christie's did well with a single owner collection of Old Master prints. Then on Wednesday Sotheby's Old Master picture auction, which it hoped would signal the market's revival, revealed the underlying softness in demand. Sotheby's considered the pictures good enough to command extremely high estimates: £4m for a Bellotto, £2.5m, for a Batoni. In the event the Bellotto sold, for just over £3m, but the Batoni, along with many other pictures, went unwanted. The corner is still some way off.

Antony Thorncroft

Judi Dench in Edward Bond's 'The Sea' at the Lyttelton Theatre

Alastair Muir

Tide runs out on 'The Sea'

THE NATIONAL Theatre is developing a distressing habit of putting on plays unworthy of its resources. In David Hare's *Murmuring Judges* the staging far outshone the text, and even in Alan Bennett's *The Madness of George III*, the brilliance of Nigel Hawthorne's playing of the king does not disguise the fact than many of the characters are made out of cardboard.

Other more obvious examples come to mind, but the most blatant so far is Edward Bond's *The Sea* at the Lyttelton. *Murmuring Judges* and *Madness* are at least new plays by writers with recent successes still fresh in the memory. There was no reason to expect that their latest work would drop below their own established standards.

Bond, too, is a considerable playwright, articulate as well as prolific, full of interesting ideas and capable of writing stunning scenes. He is fascinated by violence, but not obsessed by it. Some readers will recall the performance of *Saved*, in which a baby is ultimately stoned to death, at the Royal Court in 1965, and his version of *Lear* a few years later. Violence was an essential part of both pieces, but the plays also stood up in other ways. Bond, incidentally, can be very funny.

The Sea is billed as a comedy. The trouble is that it is not a new play. It was first performed at the Royal Court in 1973 and, so far as one can trace, does not seem to have been much done since, presumably for the simple reasons that it is not very funny and not very anything else. It is Bond on an off-day. For the National Theatre to pick it up now suggested that there might be hidden depths.

Indeed for about the first 10 minutes you suspect that the NT might be right. The play opens dramatically with a storm reminiscent of Shakespeare's *Tempest*, then switches with a change of mood also as sudden as that of *The Tempest*, to a draper's shop where the arrogance and capriciousness of an upper class customer are in full flow: calm of a kind after the storm at sea.

This is the east coast (of England) in 1907. You may think that you are in for a treat. If so, you have been taken in by the technical excellence of the NT's staging and playing. For, after the first 10 minutes, *The Sea* runs out all the way.

If the date and place have any significance, it is the naval arms race between Britain and Germany at that time. Official Britain was petrified by fear of a German invasion and the rise of German sea power. A line late in the play hints that Bond sees all that as a harbinger of potentially even more destructive arms races to come. But perhaps I read all that in.

For the most part, *The Sea* is a rather quaint play about people reacting to a small shipwreck off East Anglia. It is a village community dominated, of course – for this is a play by Bond – by the ruling class, some of whose members may be just as deranged, if less overtly violent, than the people they oppress. If you think that it is funny to see a funeral service with an upright piano on a cliff-top where the women compete on how best to sing "All People that on Earth Do Dwell" and the inevitable "Eternal Father, Strong to Save", you might like it. Otherwise, not.

I cannot think that it is any service to Bond to revive this work now in such a splendid setting as the Lyttelton. It is also surprising that the young director, Sam Mendes, should have chosen it. Judi Dench plays Mrs Rafi, the principal female gorgon, with all the style that the limited text allows and probably a bit more than it deserves.

Malcolm Rutherford

Festival for the Community

THE ARTS have friends in high places. The Prime Minister actually believes that a revival in the cultural life of the country is good for UK plc and his chief secretary at the Treasury, his close friend David Mellor, is nuts about the arts, in particular music. Hence the substantial rise in arts funding for 1992-93; hence the sudden appearance of £6m to fund a European Arts Festival in the UK for six months from July to celebrate Mr Major's (temporary) job as *de facto* President of the EC.

John Drummond, head of BBC Radio 3 and the Proms, has the difficult task of creating a Festival in an impossibly short time span and giving it "a coherent theme and personality". It is too late to commission new works, or to change radically the performing plans of the main national arts companies, like the Royal Opera and the Royal National Theatre.

Not that Mr Drummond particularly wants to. The PM's fancy is that the Festival should reach out to new audiences, so events will be geared towards youth and the regions, to untapped minds and to radio and TV coverage. Most of the events will be small scale, local, even popular. All the art forms will be covered and Drummond, with his experience of running the Edinburgh Festival for five years, will doubtless ensure that there is not too much bias towards his particular love, 20th century music. The Edinburgh connection will also help with the Festival finale – a grand gala in the city when the EC heads gather there in December.

Obviously events already planned will be taken under the Festival banner and given more cash if they fit the brief. Fortunately the 1992 Proms already incorporate visits from many European orchestras – the celebration has been mooted, and sketched in, for a few months now – and these will be packaged into the Festival. But time and money preclude tours by major European opera and dance companies.

In fact John Drummond still has to work out what he can achieve with the £6m, which is roughly twice the revenue of the UK's largest annual arts jamboree, the Edinburgh Festival. There will be tailor-made events, especially in the regions, but any arts companies with a European flavour to their programmes for late 1992, and who are twinned with artistically rich continental cities, might be well advised to approach Mr Drummond and try to infiltrate their way into his Festival – and cash box.

Antony Thorncroft

Tuned in to lost Broadway

***Michael Arditti** harks to the sound of musicals at the Theatre Museum*

IF YOU remember "I remember it well", the chances are it is as the sweet and sour lyric sung by Maurice Chevalier and Hermione Gingold in the film of *Gigi*; if, on the other hand, you recognise Alan J. Lerner's first version from his 1948 musical, *Love Life*, it is more likely that you were one of the packed, enthusiastic audience at Covent Garden's Theatre Museum last Sunday night.

For *Love Life*, which not only has lyrics by Lerner but music by Kurt Weill, has never been heard before in London, despite a respectable 252 performances on Broadway; and, due to an untimely strike, its score was never recorded. This makes it prime material for rediscovery by the enterprising Ian Marshall Fisher and inclusion in his series of lost musicals.

Fisher, a 35-year old actor turned impresario, has all the right credentials, from running his own 1920s dance band to stage-managing Cameron Mackintosh's revival of *Oklahoma*. A man with a mission, he watched the West End become dominated by musicals while the country as a whole was driven by nostalgia. He felt convinced that there must be an audience for the many Broadway shows which, either because they had failed to make money or to make it to the screen, were virtually unknown over here – shows which "come from musical theatre at its richest, when it was still looking for new places to grow."

He initially approached, and immediately interested, the directors of the Theatre Museum, which he considered the ideal venue. They, in turn, were keen to publicise a building that, despite its rich artefacts, rare archives and prime position, had yet to establish an identity and popularity to equal the Museum of the Moving Image on the South Bank.

Charging a mere fraction of the usual £2000 a night hire fee, they effectively became co-producers – although Fisher himself had to take out a loan to buy chairs. But, when the first season opened in spring 1990, the labour of love became a sell-out success. Word of mouth spread as far as California, with musical enthusiasts besieging the box office for seats.

A second season was presented this summer, followed by a third, which is now drawing to a close. In all, nine musicals have so far been revived, and the seam remains rich, though not inexhaustible. Fisher calculates that there are about 60 shows which merit exhumation. "The object of the exercise is to look at the finest of writers, not just to dig up anything that failed."

There is after all, no intrinsic merit in a flop; it is hard to believe that in 50 years time an Ian Marshall Fisher Jnr will be resurrecting *Children of Eden*, *Bernadette* or *King*. But the shows being ressurrected are different. They were written by the musical giants: librettists like Kaufman and Hart, Arthur Laurents and Sam Behrman, composers like Leonard Bernstein, Cole Porter and Jerome Kern, and lyricists like Yip Harburg, Stephen Sondheim and Irving Berlin.

In many cases the reasons for failure had little to do with the material itself. Cole Porter's *Out of This World*, which Fisher revived to great acclaim earlier this year, had the misfortune to follow his masterpiece, *Kiss Me Kate*, arousing impossible expectations. Not only was its finest song "From This Moment On" cut on the road, but it fell foul of the local censors. Unusually, its cast consisted of fully clothed women and near-naked men, prompting a wit to quip that "No one ever made a fortune catering to the tired business-woman."

Similarly, *Greenwillow* disconcerted Frank Loesser's admirers with its bucolic background. Loesser, the supreme chronicler of city life with *Guys and Dolls*, and a man of whom it was said that "If he bought a house with green grass, he'd immediately have it paved", set *Greenwillow* in a mythical village. It is now best remembered for the song "Never will I marry" and Loesser's two-word telegram to the cast on closing night: "Oops sorry."

Fisher has given his audiences a chance to hear both those musicals, along with many others such as the Sondheim-Rodgers *Do I Hear a Waltz*, which the all-powerful New York matrons considered too bitter, the Joshua Logan-Harold Rome *Fanny* based on the Marcel Pagnol trilogy (too French) and the Jerome Moross-John Latouche *The Golden Apple* (too Greek . . .).

Enthusiasm abounds, but the economics is more risky. All the performers, apart from the musical director, give their services free. With the auditorium constantly filled to its 100 seat capacity, box office receipts just cover the cost of Museum overtime, audition and rehearsal rooms, copyright, publicity and the duplication of scripts.

The musicals are rehearsed for a four-week period and then performed in concert on five consecutive Sunday nights. Each is given with full dialogue and underscoring; so it is possible to hear the songs in character and, with the restoration of previously cut material, to judge the writers' intentions, often for the very first time.

The excitement for audiences is not simply in discovering a lost musical, but in rediscovering their own imaginations. Thelma Ruby, star of such West End shows as *Fiddler on the Roof* and *Cabaret* and Fisher's associate on *Allegro* and *Out of This World*, believes that it is an ideal presentation. "Nowadays it's so easy to get distracted by the set and effects that people come out and haven't even heard the music."

The question of an after-life for some of the musicals remains open. Already the Guildhall School have picked up *Out of This World*. Fisher is currently negotiating sponsorship for the transfer of the most suitable pieces to the Smithsonian Institute in Washington; while the BBC is considering a series of recordings.

But, despite the presence in the audience of the canny Cameron Mackintosh, this is by no means a glorified audition. The Sunday night timing has enabled Fisher to attract excellent casts of actor-singers from the West End, the National, the RSC and the ENO and the musical directors of *Into the Woods*, *Sunday in the Park with George* and *Metropolis*.

While there may be many good reasons why the shows themselves failed on their first outing, critic and musical historian Sheridan Morley believes that they all merit a second showing: "If you only ever revive hits, it's like a library which displays nothing but best-sellers. What's more, it brings to life the Theatre Museum, which has up till now been a very dead space."

Fisher is already planning next year's season of five shows, to run from May to October, which will again include work by Porter and Weill, as well as Rodgers and Hart, Dorothy Fields and Arthur Schwartz. Anyone wishing to receive advance information should write to him at 35 Clevedon Mansions, Lissenden Gardens, London NW5 1QP.

Meanwhile, if you long for a musical with no amplification, no helicopters, no roller skates, no designer poverty, hurry on down to the Theatre Museum in Covent Garden.

Radio

All change in Russia

LOCAL BBC and independent stations get coverage in the *Radio Times*: but no word for the World Service. For this you need *London Calling*. Yet the World Service began a six-part series this week, *The Re-Making of Russia*, that home-based listeners might well want to hear. It goes out on Fridays at 7.30 am, repeated at 12.15 and again at 7.30 pm.

True, this re-making goes on from day to day; the Slav commonwealth of Russia, Byelorussia and Ukraine wasn't even made for the first programme. But it is good to have closer information about the political atmosphere among ordinary people, and the producer, Stephen Dalziel, provided much interesting comment, not only from voices we know, such as Edward Shevardnadze and Anatoly Sobchak, Mayor of St. Petersburg, but also from yet unfamiliar names.

Not Communism but Democracy is discredited, said one source; new élites arise seeking new privileges. Leaders like Yeltsin have power but don't know how to use it: the trouble is "not over sovereignty but suzerainty". Then there are movements like Pamyat ("Memory") that regress to the old traditions, the Russian Orthodox Church – and anti-Jewish feeling. Dalziel went to Kazan in what may become Tatarstan; there the Communist slogans are still displayed in case the changes change back. Local investment in industry is a mere two per cent, and the Soviet (or whatever) 98 per cent may need its dividend. Nationalist feeling is emotional, not real; the proportion of Russians to Tartars is three to one. Next week's programme will deal with the economy. Worth finding.

The re-making of the Gospel was attainable to all, on Radio 4 on Thursday, *Christ – the Unauthorised Version*. There is growing interest in writings such as the Gospels of Thomas, Philip, Peter and Mary Magdalene, making a bigger divide between the "mystic", authorised by the Church, and the "gnostic", demanding deeper self-knowledge as the true course to God. The gnostic gospels contain passages of importance, written before the gospels we know. The Gospel of Philip says that "Jesus loved Mary Magdalene more than the other disciples, and kissed her on the mouth often," whereas Mary Magdalene is not a disciple for Matthew, Luke or John. In her own Gospel, she tells of the dance that preceded the Last Supper: "he that will not dance will not know what happens," Jesus said. The current broadening of religion, the friendship between cults, even beliefs, is in line with the gnostic gospels' broad thinking, that has not been passed down like the synoptic gospels, unchallenged since Paul. The sources of some quotations made were not given, which was a pity; and the incidental music was distracting.

On Wednesday, Radio 4's *Dragons, Archangels and the English* dealt with our interest in climbing up, and sliding down, the Alps. I happened to see a programme on BBC2 on Monday about the forthcoming Winter Olympics at Albertville, and the great damage they, and other skiing functions, do to the Alps. Perhaps skiing should be forbidden.

B.A. Young

ARTS

An expatriate grows up

***William Packer** admires the work of Paula Rego*

TALES FROM *the National Gallery*, the exhibition now filling the Sunley Rooms of the National Gallery (until *February 29: sponsored by* English Estates), comes to London at the conclusion of a national tour. It gives us the paintings Paula Rego has made *in her term as Associate Artist* at the National Gallery, along with their preparatory life drawings and compositional studies. The bonus for London is *that the large mural panels* of her *Crivelli's Garden*, completed and installed in the restaurant of the new Sainsbury wing some time after that tour *began, can now be seen* in more or less direct relation to that working material.

Paula Rego is now in her mid-fifties. She is Portuguese by birth, but studied at the Slade and married an Englishmen, the late Victor Willing, like her a painter, with whom she returned from Portugal in 1975 to settle permanently in London. She stands thus in that long tradition of expatriate artists, from *Holbein* and Lely to Whistler to Freud, Auerbach and Kitaj, whom the British have been more than happy to claim as their own.

Her retrospective at the Serpentine in 1988 attested to a serious career and yet one unresolved in both direction and achievement. This was, however, only a case of a long maturing talent. Not every artist worth *considering must* needs burst upon us as a bright young star, and if Miss Rego is now indeed a star, it is her work only of these past ten years that confirms her so. Of all the artists in Britain who have in recent years at last received due recognition, she alone, by the sheer speed of her ascent to present eminence, has made the 1980s her own, the British painter of the decade.

Associate Artist at the National Gallery, which post Miss Rego is the first to fill, is an appointment by invitation rather than open application, which distinguishes it from the artist's residency it now replaces. Its whole point is the privileged access to the collections and the opportunity to work directly from them. The use to which Miss Rego has put it is remarkable.

She is a narrative painter, whose imagery has become ever more fraught with sexual and psychological implication, the more tense and intriguing for being implicit and unspoken. We think at once of the work of Balthus, or Stanley Spencer. Hitherto her subjects have been drawn from fairy tales, moralities and childhood recollections, at once innocent and disturbing, the natural *devilry of children never far* beneath the surface.

What the National Gallery has given her is the imaginative example of how to cope with even an ostensibly domestic theme on the grand scale. *Artists bring to the great art of* the past a critical intelligence no less profound than that of the scholar or historian, but at once more practical and intuitive: the *inclination* not only to say: "How interesting", but also: "I can make use of that." In Miss Rego's case, looking at art from the Renaissance to the Rococo and the Romantic, the effect has been to pack reference ever more densely, layer upon layer, to art within art. The painting on the wall, the screen across the back of the room, the figure on the canvas on which the artist shows herself at work, the device of shifts of scale and focus through the narrative, *all* tease us with the idea of the continuum of art in the great tradition, back and forth, past and present, old and new.

But the reference of itself is not the whole work. In the related drawings and studies we see that in Miss Rego we have a figurative artist of the highest technical accomplishment, yet eminently practical and unaffected. In particular her studies from life set a methodical example that sadly *few artists under 50 now have* either the manual skill or formal wit to follow. Strong, simple, full of life and intuitive humane sympathy and understanding, *they are drawings as* fine as one could wish to see. The National Gallery is indeed their proper home.

'Joseph's Dream' by Paula Rego in the Sunley Rooms of the National Gallery

Poetry in performance

A touch of the Oirish

THREE Northern Irish poets assembled at the South Bank this week to celebrate the publication of *the remarkable Field Day Anthology of Irish Writing*, a massive, three-volume work that encompasses 15 centuries of human utterance. And utterance is the appropriate word for it because much that we find in these books still has the freshness, the urgency, the rudeness of human speech.

Until now the Field Day Company of Derry has been known as a group of playwrights, actors, poets, and its annual premieres of new plays by the likes of Brian Friel have attracted international attention. Now it has turned book publisher.

The three poets that read, Seamus Heaney, *Tom Paulin* and Seamus Deane, are all directors of Field Day, and they have all contributed to these books to a greater or lesser degree: *Deane as their* general editor, Heaney writing on Yeats and being represented as a poet in his own right; and Paulin, who reflects upon the tradition of northern Protestant oratory.

Tom Paulin is a poet whose performances never fail to excite and alarm. He is a thin, tenuous man *whose whole* body seems to be forever tortured by his intellect. When seated, he is apt to lean so far forward that his frame is almost transformed into the physical representation of a question mark, and when he observes others reading – on this occasion it was Seamus Heaney – his eyes tend to boggle and his hands to wring in his lap.

When standing at the lectern, he tends to hesitate a great deal before explaining what it is that he has to say, and when it comes out, replete with ums, ahs, stammers and stutters, we feel that it might have been said in an entirely different way altogether or that *something else might* have come out, equally appropriate or not as the case may be.

But when he comes to read from the anthology poems and prose, all procrastination and self doubt cease. He rushes marvellously at his words in a high, weaving northern Irish voice where *almost every line* seems to end with a rhetorical question and best of all was his reading of Yeats' chilly poem, *The Cold Heaven*. He positively drove the words out of his mouth as if they were expected to leap out, yelping like a pack of poor, beaten curs.

And the way that Heaney listened to *him* could scarcely have been more different: head tilted upwards, eyes closed, he seemed to be savouring the words and their music through his broad, dilated nostrils.

Unfortunately, it was not vintage Heaney we heard this evening. Could this be something to do with the fact *that, as he told us, the editors* had "only just taken delivery" of their three massive volumes and had not had much of an opportunity to practise reading *their chosen extracts out loud?* Or perhaps it was the simple fact that he was reading someone else's work?

His voice seemed to come *alive* only when *he* read an extract from *The Parson's Revels*, a burlesque written by the poet William Duncan in the 18th century, in the course of which *Heaney* was *obliged to* imitate a stage Irishman who had been given broad, thick-witted Oirish speech by the poem's author. Heaney seemed to revel in this broad humour, growling out the words, his big jaws working, face alight beneath that soft grey thatch of hair with the rollicking humour of it all.

Seamus Deane's reading was *stuffed to the gills* with fascinating historical information relating to the rise, decline and fall of the many civilisations of Ireland. *Unfortunately, the impact of* his words was much reduced by his academic reserve – that refusal ever to meet the eye of the audience and give it a warm, companionable, almost conspiratorial smile of the kind that Heaney is ready to bless us with at every end and turn.

The Field Day Anthology of Irish Writing is distributed by Faber & Faber and costs only £150.

Michael Glover

Not crackers about the dance

Alastair Macaulay explains why Wright is wrong

A GREAT sadness overcomes me as I *contemplate* the 19th-century ballet classics as they are seen in Britain today. They have become twee and pretty. The astonishing *beauty and radiant power that* once made them disturbing and thrilling have gone. This is partly because Britain is no longer a haven of classical *dancing. It is also*, however, the fault of ballet producers.

If there is one name I attach to the superficiality that now cloaks these old ballets, it is that of Peter Wright. (Balletcatcher, not Spycatcher.) The era in which he has been staging classics for both branches of the Royal Ballet – since the late 1960s – has been, not coincidentally the era in which the Royal Ballet *has lost its reputa*tion as the leading Western interpreter of the old repertory.

Today, the Royal at Covent Garden dances his *Nutcracker* and *Giselle*. And the Birmingham Royal (which he also directs) dances his *Coppelia*, *Swan Lake*, *Sleeping Beauty* and (in different versions) his *Nutcracker* and *Giselle*. What a monopoly! And yet every one of them is trivial. The best? The Covent Garden *Nutcracker*, for there he allows the original 1892 scenario to make some headway alongside the great score. The worst? The Birmingham *Nutcracker*, which he staged last year; I have just seen it, for the first and second time, at the Hippodrome.

The *worst of Wright's* numerous crimes here are the result of his notorious unmusicality. He cuts and re-orders *Tchaikovsky's music (to especially gross effect in Act II)*; he sets dances (most flagrantly in the great transformation music of Act I) to non-dance music; *and he sets the wrong* kind *of* dances to dance music (as in the male-female classical ensemble he sets to the March in the Act I party). There is more. Wright's own new dances are badly over-choreographed tissues of stale steps.

They show off technique without expressing any serious notion of style. (The big Snowflake and Flower Waltzes, one in each act, exemplify this.)

In Wright's hands, the old ballets are above all Story-Telling, and this is surely why the British, who adore a good yarn in the theatre, have been extravagantly indulgent of his tinkerings. So what if he re-orders the scores, violates classical structure and adds his own tawdry dances – he keeps the action moving, doesn't he? *Doesn't he keep ballet a thea*tre art? Yes, but not good theatre. The stories that Wright tacks on around the old scenarios are lively but they are also *trivial. Sometimes, moreover,* they are confusing.

I can commend several incidental aspects of this staging: *in particular, some clever cos*tumes and scenic effects. But I love these old ballets and can never forget how potent a spell they have cast on me else*where and, in other days, here*: a spell that reached its deepest and broadest in dancing.

The Birmingham Royal's strong suit, however, is not serious ballet style but vivacity. This is a quality I find resistible when it is allied to consistently uninteresting phrasing. And so I desponded through two performances on Thursday, consoled only by Barry Wordsworth's handsome accounts of poor Tchaikovsky's *misunderstood score*.

Until, at each performance, *the Sugar Plum Fairy entered*, late in the proceedings. Britain has few true ballerinas, but I managed to see two in a day. Each one lifted my spirits from *gloom to joy in a jiffy*. The matinee ballerina was Marion Tait, the evening's was Darcey Bussell. Two more dissimilar dancers would be hard to imagine. *Bussell is tall*, powerful and sweet; she has been dancing so many great roles recently that I will soon return to her at greater length. Tait is petite, flawed and noble. Scores of dancers have feet and turn*out superior to* hers. But no one else has a waist or neck so radiant. Style shines through her from the centre; and she knows – how rare this is – *how to make brilliant choreog*raphy lyrical.

A mezzo for all seasons

IN THE range of what she wants to do Anne Sofie von Otter is starting to *look like a mezzo for* all seasons. At her recital on Thursday at the Queen Elizabeth Hall this young Swedish singer drew the sort of audi*ence that applauds enthusias*tically after each song rather than sitting in respectful silence until the end of the group.

It seems to me that Von Otter is a success story related to present trends in performance. Early in her career she was seized upon by record companies eager to capitalise on her versatility. With her well-produced, slimline mezzo, she fits comfortably with the period instrument school, as in some *of* Gardiner's recent recordings; while she can also *produce enough volume* without forcing to encompass operatic roles like Strauss's Oktavian.

That she still wants to sing *recitals is good news. But then* one cannot help feeling that with Von Otter the intelligence leads the voice rather than vice versa. There is no question of her hoping that a lot of personality and a few favourite songs will see her through on the recital platform. In the manner of the best young artists, she arrives scrupulously prepared, armed with the scores of some fairly recherche material, and able to introduce the songs in some detail beforehand.

In these bouts of story-telling *there was not a lot of* wit or affection, however, and the same qualities tended to be missing when she turned *to* the music. This singer prefers to act as a guide to the songs' beauties, pointing out dramatic possibilities in her Berlioz group and the deeper warmth of the Brahms, with *cellist Mats Lidström and pia*nist Bengt Forsberg, as she passes by. The surface poise of Debussy's *Chansons de Bilitis* was nicely caught, but not *their underlying sensuality*, of which her cool Scandinavian readings remained innocent.

A group of Korngold songs introduced some interesting, *little-known repertoire*. The best of them, "Sterbelied", a deeply nostalgic piece typical of the dying days of romanticism, suffered from a loss of body in the quiet singing, a problem that recurred from *time to* time throughout the evening. But when the voice sang out, as in "Du reine Frau", the results were impressive without exception – *marvellously steady, no* excess fat on the sound, no wobble.

Best of all, I enjoyed Mahler's *Lieder eines fahrenden Gesellen*. The singer's many strengths came together: the youthful clarity of the voice, the keenness of the intelligence, and Forsberg played the accompaniments as if they were real piano parts, not just a sketch for the later orchestral version. Von Otter takes her song recitals seriously and so long as she sings as well as she did here, so must we.

Richard Fairman

Records

Pavarotti's Otello

THE PREMIERE in Milan drew the press from all over Europe. For the first British performance, at the Lyceum Theatre in Covent Garden, a certain other opera-house just up the road closed for the night. Verdi's *Otello* can be an event like no other opera and it is easy to see how the concert performances in Chicago earlier this year caused such a lot of excitement.

As anybody even vaguely interested in opera must be aware by now, the occasion was Luciano Pavarotti's first appearances in the title-role and, simultaneously, the last appearances by Georg Solti as music director of the Chicago Symphony Orchestra after 22 years. The world's press was certainly there. There were two sold-out performances in Chicago, a further two in New York, and this new *Otello* recording is taken from the best of them.

There is something ironic about the thought of Pavarotti *standing there waving his big* white handkerchief in this of all operas, where a handkerchief serves as the crucial item of evidence for the prosecution. On record, however, we do not have to look at him. And hearing Pavarotti remains an enormous pleasure.

A tenor who can sing Otello will always be worth his weight in gold. An Italian one is worth double: Tamagno, Zenatello, Martinelli, Del Monaco, and now Pavarotti. He does not, of course, have his predecessors' power, but even within a few years of the opera's premiere the first *singer of Iago, Victor Maurel*, was remarking that ear-splitting volume was not necessary to sing the role with success. Pavarotti brings to it an unfailing beauty *of tone and phras*ing, while his singing of the Italian language is the glory of the whole performance. Even a simple line like "Oh! mostruosa colpa!" takes on a world of meaning. Double Pavarotti's weight sounds like a lot of gold, I hear you say. But when he sings like this, he is worth every ounce.

The other two principals on the set are worthy colleagues, without being strong individuals in their own right. Verdi felt that the best Desdemona would always be the one who sang most beautifully and, *while* Kiri Te Kanawa cannot lay claim to that honour as she might have done at Covent Garden in the 1970s, she is never less than appealing and makes a good showing in the Willow Song. Leo Nucci tries too hard as Iago. There is personality, but at the expense of line and vocal control. When every remark is pumped full of emphasis, none is left with any *distinction*.

As for Solti himself, the conductor runs true to form even at this late stage of his career. His is a physical *Otello*, as compared with those of the opera's

Verdi: Otello. Te Kanawa, Pavarotti, Nucci, Chicago Symphony Orch/Solti. Decca 433 669-2 (2 CDs)

Rattle conducts Britten. City of Birmingham *Symphony* Orch/Rattle. EMI 7 54270-2 (2 CDs)

Massenet: Don Quichotte. Crespin, Bacquier, Ghiaurov, Orchestre de la Suisse Romande/Kord. Decca 430 636-2 (2 CDs)

intellectual Teutonic interpreters. The storm music at the start is elemental; the drinking chorus and the fight which ensues make one want to jump up from one's seat and join in, conducting with an imaginary baton in the air, which is always a good sign with any *Otello*. The Chicago Symphony Orchestra and Chorus perform for their long-time master with commendable spirit and accuracy. But there is something missing.

After two hearings of the set it seems to me that it lacks specific insight, that ability to seize on a certain orchestral colour or rhythm or harmony which communicates the essence of what Verdi wants to say. Toscanini's recording, soon to be re-issued, had it, so that is still the place to go for a great *Otello*. From this one I shall cherish a true Italian tenor at the peak of his prowess.

Finally, a pair of recommendable re-issues. Simon Rattle has been working through some of the *lesser-performed works by* Britten for about ten years or so and EMI has had the good idea of bringing his recordings together into a two-CD set. *Although even the Britten* admirer may feel that some of these pieces find the composer sewing together music with the barest thread of inspiration, there are discoveries to be made. Jill Gomez is the soprano in the delectable *Quatre Chansons françaises*, late pickings from the impressionist table, and Peter Donohoe the strong soloist in the *Diversions for piano and orchestra*. There is also the advantage that you are unlikely to have many of these works in your collection already.

The Massenet set is a personal favourite. Just like Britten in later life, Massenet had the ability to create long and complex works from the *barest musical* material. The opera *Don Quichotte*, written when the composer was in his late 60s, is probably the most eloquent product of that *expertise. When one looks at* the score, it seems as though there is hardly any music in it, and yet in performance the wily old master has produced *an opera from a wondrous* world of its own, half-real, half-dream, where chivalry lives out its last noble day. Nicolai Ghiaurov is the *eccentric idealist*, Don Quixote. Régine Crespin and Gabriel Bacquier, as Dulcinée and Sancho Panza, are simply two of the great French singers captured at their most treasurable. As Quixote says: a veritable "île des rêves!".

Richard Fairman

Chess No 901:
1 g4+! wins after Qxg4+ 2 Qxg4+ Kxg4 3 Rxb7 or Ke5 2 Rc5+ Kd6 3 Qf8+ Kd7 4 Qf7+. Filip played 1 Qxh7+? Kg4 2 Rxb7 Kh3 with unavoidable mate. 2 Qg8+ Kh3 3 Qxe6+ f5 also loses. Score credit for 1 Rxb7 Qxb7 2 e4+! with some winning chances.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Ovide. 7.40 Opposites Attract. 7.50 The Jetsons. 8.15 Chuckievision. 8.35 Dungeons and Dragons. 9.00 Going Live!

12.12 Weather.

12.15 Grandstand introduced by Steve Rider. Including 12.20 Boxing: George Foreman v Jimmy Ellis in Reno, Nevada. 12.45 Racing from Ascot: The HSS Hire Shops Hurdle. 1.00 News. 1.05 Football: Review of the week's football including Liverpool's UEFA Cup tie. 1.15 Racing: The Youngmans *Long Walk Hurdle. 1.30 Football:* Review continued. 1.50 Racing: The SGB Handicap Chase. 2.05 Skiing: The Men's Downhill Championship from Italy. 2.30 Swimming: The National Championships from Barnet. 3.15 Tennis: Semi-finals of The Grand Slam Cup from Munich. 3.50 Football *Half-Times. 4.00 Tennis:* Coverage continued. 4.35 Final Score. Times may vary.

5.00 News.

5.10 Regional News and Sport.

5.15 Barney Bear.

5.25 One to Win.

5.55 *Noel's House Party.*

6.45 Bruce Forsyth's Generation Game.

7.45 Film: Every Which Way But Loose. Trucker and prize fighter Philo Beddoe lends money to an attractive country and western singer. When she disappears, he sets off in hot pursuit, accompan*ied by his best friend* – an orangutan called Clyde. Comic road movie starring Clint Eastwood and Sondra Locke (1978).

9.35 News and Sport; Weather.

9.55 Film: Escape from Alcatraz. True story of convict Frank Morris, who is transferred to Alcatraz, from which no-one has ever broken free alive. Morris is determined to escape from the world's highest security prison. Starring Clint Eastwood and Patrick McGoohan (1979).

11.45 Film: Impulse. After an earthquake, a small farming community is menaced by a mysterious subterranean substance which forces them to self-destruction. Tense thriller starring Tim Matheson and Meg Tilly (1984).

1.10 Weather.

1.15 Close.

BBC2

9.00 Film: Johnny Tiger. 10.40 The Sky at Night. 11.00 Arthur Negus Enjoys. 11.15 The Spirit of Asia. 12.15 pm Film: Topper Returns.

1.40 A Carol from Ely.

1.45 Heirs and Graces. Lady Victoria Leatham visits Newby Hall near Ripon.

2.15 Network East. Star of the Hindi screen, Amitabh Bachcan, talks about his life.

2.45 Mahabharat. (English subtitles).

3.25 Film: Ride Clear of Diablo. A young man becomes a deputy sheriff to seek vengeance for the murder of his father and brother. Western adventure starring Audie Murphy and Dan Duryea (1954).

4.40 Tennis: The Grand Slam Cup. The first men's semi-final from the Olympiahalle, Munich. Commentary by Dan Maskell.

6.15 Play Bridge with Zia. Zia Mahmood interviews his old tournament partner, Omar Sharif. Last *in the series.*

6.45 Late Again.

7.30 News and Sport; Weather.

7.45 Mrs Warren's Profession. Stage production of George Bernard Shaw's tale by the Glasgow Citi*zen's Theatre. Starring Ann* Mitchell.

9.10 Moving Pictures. The work of the Thomas family of film-makers, from the early Doctor films, through the Carry On movies, to Jeremy Thomas, producer of tonight's film Eureka.

10.00 Film: Eureka. A Klondike gold prospector strikes it rich and retires to a Caribbean island. When the Mafia offers to set up a casino on the island he declines, but soon learns the cost of his refusal. Drama based on a true story starring Gene Hackman and Theresa Russell (1981).

12.05 Def II: Dance Energy.

12.45 Close.

LWT

6.00 TV Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm The Munsters Today.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 *Saint and Greavsie.* *Featuring the* best of the Football League action, including a preview of tomorrow's clash between Chelsea and Manchester United. Alsomidweek European highlights.

1.55 The Day.

2.00 Cobblestones, Cottages and Castles. Eccentric buildings and strange structures to be found in the South West countryside.

2.25 World Matchplay Snooker. Nick Owen keeps us in touch with the progress on the second day of the 35-frame final from The Dome, Doncaster.

4.45 Results Service.

5.00 ITN News; Weather.

5.05 LWT News; Weather.

5.15 10 Sharp! Presented by Pat Sharp.

5.25 Catchphrase.

5.55 Baywatch. Mitch reluctantly attends his high school reunion, knowing that he will have to face his ex-wife and a host of questions about their break-up.

6.50 It'll Be Alright on the Night 5. Another collection of the latest slips and blunders by favourite television stars.

7.50 Further Up Pompeii. Comedy special, starring Frankie Howerd as Lurcio.

8.40 ITN News; Weather.

8.55 LWT Weather.

9.00 Film: Jekyll and Hyde. Adaptation of Robert Louis Stevenson's classic tale of horror, starring Michael Caine as the doctor who turns himself into the murderous Mr Hyde. Cheryl Ladd and Joss Ackland also star (1990).

10.55 Metro. New series. A *behind-the-scenes look at London's West End with Ian Drury.*

11.55 World Matchplay Snooker. As a week of snooker draws to a close, the frames are played for the title of World Matchplay Champion. Nick Owen introduces this tense session.

12.45 Tour of Duty.

1.40 Get Stuffed Christmas Special.; ITN News Headlines.

1.45 Video Music Awards 1991.

3.30 Get Stuffed Christmas Special.; ITN News Headlines.

3.35 American College Football 1991.

4.35 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Same Difference. 10.00 Travelog. 10.30 Wagon Train. 11.30 Tony Jacklin's Pro-Celebrity Golf Challenge. 12.30 pm American Football - Red 42.

1.00 Film: Call Northside 777. A woman fights to prove her son's innocence when he is charged with murder. Crime thriller starring James Stewart (1948).

3.05 Four-Mations: Computer Visions.

4.15 Tin Toys, Knick Knacks and Algorithms. Animation created by John Lassiter, the world's leading computer animator.

4.45 Don Quichotte. Francois Garnier's animated version of Don Quixote's battle against the windmills, using state-of-the-art software.

4.50 The Making of Don Quichotte.

5.05 Brookside.

6.30 News Summary and Weather; Right to Reply.

7.00 South. From Brazil, an expose of media methods by means of a portrait of one woman's mundane life, and a South report on Haiti's fragile future which examines the situation after the fall of the country's democratic leader. Last in the series.

8.00 Paul McCartney's Liverpool Oratorio. Paul McCartney introduces the premiere performance of his first full-length work of classical music. With Dame Kiri Te Kanawa as the leading soloist and Sally Burgess, Jerry Hadley and *Willard White.*

10.00 Four-Mations: The Orchestra. Zbig Rybczynski uses computer technology to give six pieces of classical music the rock video treatment.

11.10 Zbig Conducts the Orchestra.

11.40 Film: Four Adventures of Reinette and Mirabelle. A student of ethnology at the Sorbonne and an art student experience four adventures which have them dealing with an obnoxious waiter and a kleptomaniac. French comedy starring Joelle Miquel and Jessica Forde. Continuing the Mondo Cinema season (1986).(English subtitles).

1.30 The Oprah Winfrey Show.

2.20 American Football - Red 42.

2.50 The Word.

3.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.30 Motorsport. 1.05 Anglia News. 1.55 The Spectacular World of Guinness Records. 5.05 Anglia News and Sport 5.15 Warner Cartoon Time. 8.55 Regional Weather. 10.55 World *Matchplay Snooker.*

BORDER:
1.05 Border News. 1.55 The Spectacular World of Guinness Records. 4.45 Results Service. 5.05 Border News and Weather 5.15 Cartoon Time. 10.55 World Matchplay Snooker.

CENTRAL:
12.30 The Twilight Zone. 1.05 Central News 1.55 The World of Women's Tennis. 5.05 Central News 5.10 Central Sports Special. 8.55 Local Weather. 10.55 World Matchplay Snooker.

CHANNEL:
12.30 Blockbusters. 1.05 Diary Dates. 1.55 The Spectacular World of Guiness Records. 5.05 Channel News. 5.10 Puffins Pla(i)ce. 5.15 Cartoon. 10.55 World Matchplay Snooker.

GRAMPIAN:
12.30 Beathaichean Neontach. 1.05 Grampian Headlines 1.55 Beachd. 4.45 Scotsport Results. *5.05 Grampian Headlines 5.10 Criomagan. 5.15* Put it in Writing. 8.55 Grampian Weather.

GRANADA:
11.30 Peppino. 12.00 The ITV Chart Show. 1.05 Granada News 1.55 The Spectacular World of Guinness Records. 5.05 Granada News 5.10 Granada Goals Extra. 10.55 The Granada Match. 11.55 World Matchplay Snooker.

HTV:
1.05 HTV News 1.55 The Life and Times of Grizzly Adams. 5.05 HTV News and Sport

HTV Wales as HTV except:
5.20 Cartoontime.

SCOTTISH:
12.30 Dinosaurs. 1.05 Scotland Today. 1.55 Taxi. 4.45 Scotsport Results. 5.05 Scotland Today. 5.15 Cartoon Time. 8.55 Scottish Weather.

TSW:
12.30 The South West Week. 1.05 TSW News. *1.55 The Spectacular World of Guinness* Records. 5.05 TSW News and Sport 5.15 Gus Honeybun's Cartoontime. 8.55 TSW Weather.

TVS:
12.30 Blockbusters. 1.05 TVS News. 1.55 The Spectacular World of Guiness Records. 5.05 TVS News and Sport

TYNE TEES:
12.30 The Riverside. 1.05 Regional News. 5.05 Northern Life Sport Special.

ULSTER:
12.30 Dinosaurs. 1.05 Ulster Newstime 1.55 Superstars of Wrestling. 5.10 Ulster News and Sport 8.55 Ulster Newstime 10.55 The Granada Match. 11.55 World Matchplay Snooker.

YORKSHIRE:
12.30 Katts and Dog. 1.05 Calendar News. 1.55 Soccer in the Seventies. 5.05 Calendar News. 5.15 Cartoon Time. 8.55 Local Weather.

S4C Wales as Channel 4 except:-
9.30 Jeifin. *10.00 The Time Tunnel.* 11.00 A Brush with Art. 11.30 Same Difference. 12.00 Travelog. 6.30 Free for All. 7.00 Newyddion Nos Sadwrn. 7.25 Bacha Hi O 'Ma. 8.10 Margaret Williams. 8.45 Desmond's. 9.15 Quizbowl. 9.45 Tocyn Tymor. 10.25 Attack. (1956)

SUNDAY

BBC1

8.40 Turning Japanese. 9.10 News. 9.15 The Promise of His Glory. 10.00 See Hear! - Christmas Special. 11.00 Into Print. 11.30 Skillshop.

12.00 Through the Looking Glass.

12.30 *Country File.* *Teaming up with* Radio One for the Big Green One, a scheme designed to recognise individuals and groups who are doing something to improve their environment.

12.55 Weather for Farmers.

1.00 News; *On the Record.*

2.00 EastEnders.

3.00 Film: North Sea Hijack. When a gang of ruthless hijackers mounts a plot to occupy a North Sea oil rig, the British Government has to act fast, and one man is summoned for the most dangerous mission of his life. Starring Roger *Moore and James Mason* (1980).

4.35 Biteback.

5.15 The Clothes Show.

5.45 Merlin of the Crystal Cave.

6.15 Lifeline.

6.25 News.

6.40 Songs of Praise. A Victorian Christmas celebration from Brighton with Pam Rhodes.

7.15 You Rang, M'Lord?

8.05 The 1991 Sports Review of the Year. Desmond Lynam and Steve Rider recall the action, drama *and excitement from a year of* national and international sporting endeavour, live from the Queen Elizabeth II Conference Centre in London.

9.50 News and Weather.

10.05 Everyman. The remarkable story of two lovers torn apart by the warring factions in Yugoslavia.

10.45 Dear John: USA. With Judd Hirsch.

11.10 Birthrights. Muslim *artists,* academics and the people of Bradford *reflect* on Salman Rushdie's book The Satanic Verses. Last in the series.

11.40 Mahabharat. (English subtitles).

12.20 Weather.

12.25 Close.

BBC2

7.25 But First This On Two; Tales of a Wise King and the Devil.
7.30 Hallo Spencer.
7.55 Playdays.
8.15 Bitsa.
8.30 Telling Tales.
8.45 Babar.
9.10 Blood and Honey.
9.30 Defenders of the Earth.
9.50 Blue Peter Omnibus.
10.40 Dark Season.
11.05 Boxpops. 11.45 The O-Zone.
12.00 Around Westminster.
12.30 pm Film 91 with Barry Norman.

1.00 Tennis. Final of The Grand Slam Cup live from Munich's Olympiahalle.

4.30 Ski Sunday. The second men's downhill of the season from Val Gardena in the Italian Dolomites.

5.05 Rugby Special. The Rugby League continues with the best action from the First Division.

6.05 Travel Show Guides. Penny Junor explores south-west France. Last in the series.

6.35 The Money Programme. Janet Bush examines British industry to discover whether it can compete successfully with companies abroad.

7.15 The Natural World. Brazilian deforestation and its threat to rare species of animals.

8.05 The Dream Machine. Computer networks and the threat of misplaced technology. Last in the series.

8.55 Did You See?

9.35 My Folks.

10.05 Film: Shag. A high school graduate is about to marry a *tobacco heir, when her three girl*friends decide to take her *on* a last fling.
Romantic comedy premiere starring Phoebe Cates and Bridget Fonda (1989).

11.40 Ten Commandments. (English subtitles).

12.40 Def II: Rapido.

1.15 Close.

LWT

6.00 TV Am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.

1.10 Special Inquiry. Donald MacCormick examines the long-term prospects for the British economy. Despite claims that Britain is emerging from recession, the programme argues that the British economy now has a new Achilles' heel: its dependence on Japanese investment; **The Day.**

2.15 Batman.

2.45 *The Match.* *Chelsea v Manches*ter United at Stamford Bridge. Also the weekend's best goals.

5.00 Bullseye.

5.30 Dinosaurs.

6.00 Animal Country.

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Highway. Sir Harry Secombe visits Barbados as it celebrates 25 years of independence.

7.15 Heroes II - The Return. Nathaniel Parker stars in the real-life tale of a raid during the Second World War on Singapore Harbour. It is concluded tomorrow at 8.00pm.

9.10 Red Fox. When a top defence executive is kidnapped, Archie Carpenter (John Hurt) is assigned to investigate, and unwittingly lights the fuse of a political time-bomb. A contemporary tale of terrorism and political intrigue with Jane Birkin.

10.15 Spitting Image.

10.45 ITN News; Weather.

11.00 LWT Weather; The Day.

11.10 London Lecture. New series. The Rt Hon Michael Heseltine MP, Secretary of State for the Environment, addresses The Future of London. In recent years the question of London's prospects, as Britain advances into tighter integration with Europe, has moved ever higher up the political agenda.

11.50 Cue the Music. ITN News Headlines.

12.50 Golf - PGA Tour '91.

1.40 Film: Schimanski: Moltke. Schimanski tries to prevent an ex-prisoner from murdering the man who killed his brother during a *bank raid. Crime thriller starring* Gotz George and Eberhard Felk; **ITN News Headlines.**

3.30 Woody Allen: Mr Manhattan.

4.35 Police Precinct.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 A Week in Politics - Second Reading. 10.50 Dennis. 11.10 Round the Bend. 11.30 The Lone Ranger. 12.00 Little House on the Prairie.

1.00 *Voyage to the Bottom of the Sea.*

2.00 Film: Sinbad and the Eye of the Tiger. Princess Farah enlists Sinbad to help free her brother from an evil spell. Starring Jane Seymour and Patrick Wayne. Continuing the Four-Mations season (1977).

4.05 Four-Mations: Big World Animators. *Special effects wizard Ray* Harryhausen tells of his early career.

4.20 Steps. Computer animation continuing the Four-Mations season.

4.50 Snail's Pace.

4.55 News Summary; Weather.

5.00 Jim Henson's Greek Myths. Art Malik and Gina Bellman star as Orpheus and Eurydice.

5.30 Family Pride.

6.00 Press Gang.

6.30 The Cosby Show.

7.00 Equinox: Rheumatoid Arthritis. Investigating the painful, crippling disease which *appeared in* Europe with the Industrial Revolution and now affects about 1m British people. A group of British scientists has made a breakthrough. They have discovered that victims lack a particular sugar in a vital part of their immune systems. Equinox inves*tigates.*

8.00 The Long Ride. The first of two programmes covering the journey of millionaire Jim Rogers and his motorbike across China.

8.30 American Football.

10.00 Film: The Tin Star. Anthony Perkins plays a young sheriff who *calls on the skills of a bounty* hunter to fight outlaws preying on his town. With Henry Fonda (1957).

11.45 Film: Insurgent Mexico. Based on the book by the Left-wing American journalist John Reed, this film portrays Reed's part in the Mexican revolution of 1913. Starring Claudio Obregon. Continuing the Cinema from Three Continents season (1971).

1.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.30 Goals Galore. 12.55 News. 2.15 Yarwood 5.00 Dinosaurs. 5.30 Bullseye. 6.35 News. 11.00 Weather. 11.05 Airplane II

BORDER:
12.30 Gardening Time. 12.55 News. 2.15 Katts and Dog. 5.00 Scotsport. 6.00 Bullseye. 6.35 News. 11.05 Prisoner: Cell Block H.

CENTRAL:
12.30 Gardening Time. 12.55 News 2.15 Action Sports Special. 6.00 Earth Dwellers' Guide. 6.35 News 11.00 Weather. 11.05 Prisoner: Cell Block H.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.15 The Long White Trail. 6.35 News. 11.05 Human Factor. 11.35 Twilight Zone.

GRAMPIAN:
10.45 Interbang. 11.15 O Come, O Come Emanuel. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Headlines. 2.15 Coronation Street. 3.10 Adventure. 3.25 The Silk Road. 4.25 Cartoon. 4.30 Animal Country. 5.00 Scotsport. 6.00 Bullseye.

GRANADA:
12.25 This Week. 12.50 Aap Kaa Hak. 2.15 *Taylor and McMenemy. 5.30 Coronation Street.* 6.35 News 11.05 Prisoner: Cell Block H.

HTV:
12.30 West Country Farming. 12.55 News 2.15 Newsweek. 6.35 News 11.05 Birdland.

HTV Wales as HTV except:
12.30 An Invitation to Remember. 2.15 West Country Farming.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 O Come, O Come Emmanuel. 12.30 The Munro Show. 12.55 Scotland Today. 2.15 Pop Profile. 2.30 A Bell for Adano. (1945) 4.30 Bullseye. 5.00 Scotsport. 6.00 NB Special. 6.35 Scotland Today 11.00 Weather. 11.05 McCloud

TSW:
12.30 Farming Week. 12.55 News. 2.15 Twilight Zone. 5.30 Cobblestones, Cottages and Castles. 6.35 News. 11.00 Weather. 11.05 Prisoner: Cell Block H.

TVS:
12.30 News. 12.33 Agenda. 12.58 Weather. 2.15 The Long White Trail. 6.35 News. 11.05 The Human Factor. 11.35 The Twilight Zone.

TYNE TEES:
12.25 Windsurf. 12.55 News. 2.15 The Back Page. 6.35 News. 11.05 Prisoner: Cell Block H.

ULSTER:
12.30 Gardening Time. 12.55 Newstime 2.15 Rally Ireland - Killarney Rally of the Lakes. 5.30 Coronation Street. 6.35 Newstime

YORKSHIRE:
12.25 Goals on Sunday. 12.50 Calendar News. 2.15 Coming of Age. 5.00 Dinosaurs. 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News. 11.00 Weather. 11.05 Scrumdown.

S4C Wales as Channel 4 except:-
9.25 Willo the Wisp. 9.30 Four-Mations: Zbig Conducts the Orchestra. 10.50 Voyage to the Bottom of the Sea. 11.45 Four-Mations 12.55 Now You're Talking 1. 1.20 Now You're Talking 2. 1.45 Bwrw 'Mlaen. 2.15 San Steffan. 2.35 *Equinox. 3.35 Paul McCartney's Liverpool Ora*torio. 5.30 Pobol y Cwm. 7.05 Newyddion. 7.10 Saith Ar Y Sul. 7.25 Bwrw'r Sul. 8.10 Hel Straeon. 8.40 Dechrau Canu, Dechrau Canmol. 9.10 Traed Mewn Cyffion. 10.10 American Football. 11.40 Four-Mations

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 8.05 Ronnie Hilton. 9.00 Brian Matthew. *10.00 Anne Robinson.*12.00 Gerald Harper.1.30 It Only Hurts When I Laugh. 2.00 Ed Stewart.4.00 It Was a Very Good Year.4.30 Katie and Friends.5.00 Cinema 2.5.30 Screenplay Christmas Special.6.00 Bob Holness Requests the Pleasure.7.00 Jazz Score.7.30 Mel Torme and George Shearing.10.00 The Arts Programme.12.05 Brian Matthew.1.00 Night Ride.3.00 A Little Night Music. 4.00 David Allan

BBC RADIO 3
6.55 Weather and News *Headlines.* 7.00 Morning Concert. 8.30 News. 8.35 Christian Blackshaw. 9.30 Saturday Review. 12.55 Words. 1.00 News. 1.05 Steven Isserlis and Pascal Devoyon. 2.05 BBC Welsh Symphony *Orchestra.* 3.20 Barbara Bonney. 4.00 Tuning Up. 5.00 Jazz Record Requests. 5.45 Third Opinion. 6.30 Guillaume Tell. 8.55 The 1991 Reith Lectures: The Language of the Genes. 9.25 Guillaume Tell. *11.00 Granados.* 12.00 News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Farming Week. 6.50 Prayer for the Day. 6.55 Weather. 7.00 Today. 8.58 Weather. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends. 11.00 News; The Week in Westminster. 11.30 From Our Own Correspondent. 12.00 Money Box. 12.25 News Quiz. 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Any Answers? 2.30 Saturday Playhouse. 4.00 News: Age to Age. 4.30 Science Now. 5.00 A Rose is a Rose. 5.25 Tea Junction. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News; Sports Round-Up. 6.25 Week Ending. 6.50 Stop the Week. 7.20 Kaleidoscope. 7.50 Classical Serial. 8.50 Conversation Piece. 9.20 Music in Mind. 9.50 Ten to Ten. 9.59 Weather. 10.00 News. 10.15 Open Mind. 10.45 As Others See Us. 11.00 Richard Baker Compares Notes. 11.30 The Harpoon. 12.00 News; Interlude. 12.33 Shipping Forecast. 12.43 (FM) Close. 12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk. 6.30 Morning Edition. 9.00 On Your Marks. 12.00 Sport on 4 Plus 1. 12.30 Sportscall. 1.30 Sport On 5. 6.00 News. 6.05 Six-O-Six. 7.30 Le Top. 9.00 Afropop Worldwide. 10.00 Sports Bulletin. 10.15 On the Level. 12.00 Sport. 12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; 24 Hours; News Summary. 7.30 From The Weeklies. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News about Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: Final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 *Newshour.* 10.00 News; The Curlew. 10.20 Meridian. 10.30 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play Of The Week: The Incredible Samuel Pepys. 2.00 Newsdesk. 2.30 The Birth of The Big Band. 3.00 News; News about Britain; Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 Business Review; Travel. 4.45 News and press review in German.

SUNDAY

BBC RADIO 2
6.00 Graham Knight.7.30 Don Maclean.9.05 Richard Baker.11.00 Desmond Carrington.2.00 Benny Green.3.00 Alan Dell.4.00 Music in Miniature.4.30 Sing Something Simple.5.00 Charlie Chester.7.00 Black Magic.7.45 The Collins Collection.8.30 Sunday Half-Hour.9.00 Alan Keith.10.00 The Arts Programme.12.05 Ronnie Hilton.1.00 Night Ride.3.00 A Little Night Music.4.00 Alex Lester

BBC RADIO 3
6.55 Weather; News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 Seasonal Bach. 9.15 Sounding Brass. 10.15 Music Weekly. 11.00 A Dutch Retrospect. 12.45 Table Talk. 1.00 News. 1.05 Your Concert Choice. 2.30 String Quartets. 3.45 Poet of the Month. 3.55 BBC Philharmonic. 5.15 Listening To Bartok. 6.00 In the Midst of Life. 7.00 Trio Sonatas. 7.30 Messiah. 10.30 Platform One. 12.00 News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Prelude. 6.30 News; Morning Has Broken. 6.55 Weather. 7.00 News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week. 12.15 Desert Island Discs. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 Sunday Playhouse. 3.30 The Radio Programme. 4.00 News; Portrait of a City. 4.47 Time for Verse. 5.00 News; Down Your Way. 5.40 Not What the Brochure Said. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Best Behaviour. 7.00 *A View from the Floor.* 7.30 Bookshelf. 8.00 Punters. 8.40 Thinking Aloud. 9.00 The Natural History Programme. 9.30 Special Assignment. 9.59 Weather. 10.00 News. 10.15 Requiem for Mozart. 11.00 In Committee. 11.30 Seeds of Faith. 12.00 News and Weather. 12.33 Shipping Forecast. 12.43 (FM) Close. 12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk. 6.30 Meridian Reports. 7.00 News and 24 Hours. 7.30 Sunday Edition. 9.00 News and Sport. 9.04 Johnnie Walker. 10.30 Education Matters. 11.00 News and Sport; For Those in Peril. 11.30 Europe on the Move. 12.00 News and Sport. 12.05 Ring a Winner. 1.40 Open University: Open Forum. 2.00 News and Sport; Kitchen Cabinet. 2.30 Football Extra. 5.00 Sport; Mike's Secret Mike. 5.30 Black Museum. 6.00 Sport; Talking Poetry. 6.30 Great Expectations. 7.00 Sports Bulletin. 7.15 Euromix. 8.00 Paso Doble. 8.30 France Exral 9.00 Deutsch Direkt! *9.30 Dragnet.* 10.00 Sport. 10.10 Across the Line. 12.00 News and Sport. 12.10 Close.

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CHESS

NIGEL SHORT, the UK No 1, faced a rare challenge this week when private bankers Duncan Lawrie sponsored the £12,000 English Chess Championship at St Paul's School, London. The annual British title contest is open to all, but the new event is a knock-out match series among eight of the country's highest ranked grandmasters.

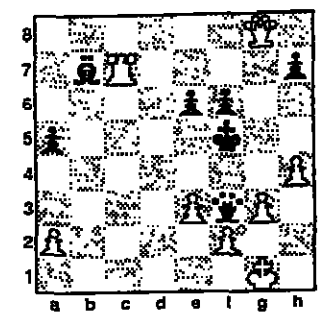
Following the trend to faster time limits, the two-game matches will have rapid chess play-offs (30 minutes for all moves) if the standard rate games (40 moves in 2 hours) produce a 1-1 tie.

Duncan Lawrie has backed the England team since 1978, a period of impressive results including three olympic silver medals; while, three of the eight contenders are old Paulines.

First round results were Short 1½, Chandler ½; Speelman 4½, Kosten 3½; Adams 2½, Watson 1½; Nunn ½, Hodgson 1½. Admission is free but there is play tomorrow only if either of today's semi-finals is tied (J Nunn, White; J Hodgson, Black; Four Knights; Duncan Lawrie English Championship 1991).

1 e4 e5 2 Nf3 Nc6 3 Nc3 A surprise from Nunn, whose usual openings are the Ruy Lopez 3 Bb5 or the Bishop 2 Bc4. Nf6 4 Bb5 Bc5 5 0-0 0-0 6 Nxe5 A tactic to open up the centre. A simpler good plan is 6 d3 d6 7 Bg5. Nxe5 7 d4 Bd6 8 f4 Nc6 9 e5 Be7 10 d5 Continuing to overpress. The solid way is 10 exf6 Bxf6 11 Ne2. Nb4 11 exf6 Bxf6 12 a3 Bxc3 13 bxc3 Nxd5! 14 Qxd5 c6 15 Qd3 cxb5 16 f5 f6 17 a4? An unsound attack. After 17 Qxb5 d5 or Qb6+ Black is slightly better but White should draw. bxa4 18 Rxa4 d5 19 Rh4 Re8 20 Qd1 Re5 21 Qh5 Qb6+ 22 Kh1 Bxf5! White hoped for h6 23 Bxh6 but now if 23 Rxf5? Re1+ mates. 23 Bf4 Qf2! Again the back rank. Nunn is forced into a lost ending. 24 Qd1 Qxh4 25 Bxe5 fxe5 26 Rxf5 Qe4 27 Rf1 Rf8 28 Rxf8+ Kxf8 29 h3 Kg8! Clearer than a5 30 Qa1 a4 31 Qa3+ 30 Qb1 b6 31 Qa2 a5 32 Qb3 h6 33 Qxb6 a4 34 Resigns The pawn cannot be stopped.

CHESS No 901



M Filip v K Darga, European team championship 1961. White (to move) is material up but Black threatens Qh1 or Qg2 mate. What should White play? Miroslav Filip was twice a world title candidate, but failed to solve this puzzle.

Solution Page XVIII

Leonard Barden

BRIDGE

IN TODAY'S hand from rubber bridge the declarer was taught a sharp lesson. Take a look at The Woman Tempted Me:

	N ♠ J ♥ A 8 ♦ Q 9 8 7 6 2 ♣ K Q 6 3	
W ♠ A K 7 6 ♥ J 9 6 4 ♦ 5 ♣ J 9 7 2		E ♠ Q 9 5 4 3 ♥ K 10 7 3 2 ♦ 4 3 ♣ 4
	S ♠ 10 8 2 ♥ Q 5 ♦ A K J 10 ♣ A 10 8 5	

With both sides vulnerable South dealt and opened the auction with one diamond. West passed – he has the shape but not the strength for a take-out double – and North, by jumping to five diamonds silenced the oratory.

West began with the spade ace, on which East played the nine. This was, a suit prefer*ence signal, asking for a switch* to hearts. When West led the heart four, South saw no harm in running it to his queen, but the king won, and East led back a spade. Ruffing on the table, the declarer drew trumps, and ruffed his last losing spade, but when West was found to hold four clubs, he had to go one down.

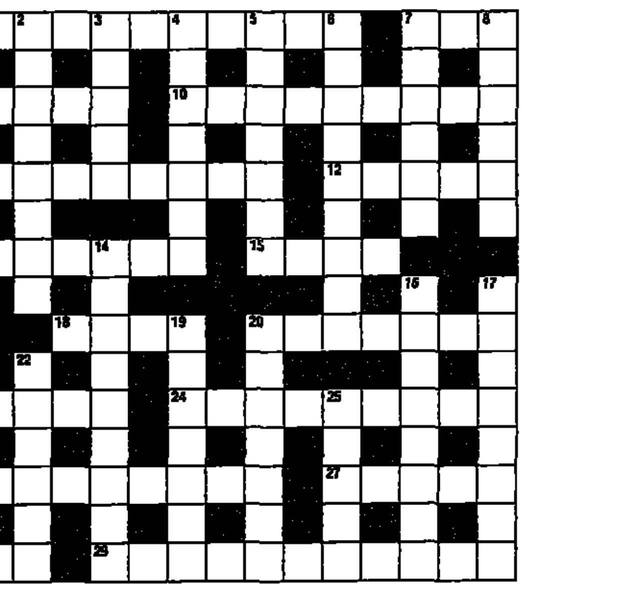
South should have asked himself: Can anything go wrong? The answer is: Yes, if West has four clubs. This difficulty can be overcome. At trick two declarer must refuse the "free" finesse, take the heart with dummy's ace, cross to his diamond ace, ruff a spade, cross again to his king of diamonds, ruff another spade, and cash the king of clubs. The stage is set. He exits with dummy's eight of hearts. Whichever defender wins the trick must yield the 11th trick to the declarer. West must lead a club into South's tenace, or concede the ruff discard; East has no choice. A poor performance by South – licence endorsed.

E P C Cotter

CROSSWORD

No. 7,724 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Tuesday December 24, marked Crossword 7,724 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 28.



Name.......................................

Address.......................................

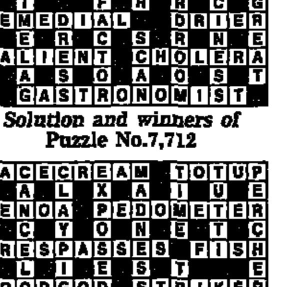
ACROSS

1 Novel enlargement of Buchan's work (11)
7 Adjust strapping (3)
9 Silver-topped gin-shaker is becoming an antique (5)
10 *Statesman contented to carry weight?* (9)
11 Cot-handle can be turned in a number of events (9)
12 Narrow middle part of desert, we are told (5)
13 Leaves for adjustments (7)
15 Animal on its back in long grass (4)
18 Fellow of 9 to double over? (4)
20 Fooling about with clients? Cut that out! (7)
23 Replace sections of polystyrene wall (5)
24 Animated miners' leader is immaculate (4-5)
26 Heretic's violent crimes against the worker (9)
27 Leaders of it took a long year *in the country* (5)
28 Endless strain for a disciple? (3)
29 City in Massachusetts that takes a magazine (11)

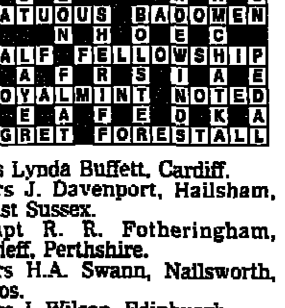
DOWN

1 Disease of horses long seen in some geese (8)
2 Projector to manage on mince-pies (8)
3 Tennyson's black bat in the dark (5)
4 Bell sends messengers round university (7)
5 Shoe found on track at Newmarket? (7)
6 Wheelers on the move need energy abroad (9)
7 Ruddy state that is endless! (6)
8 Packed, say, attempt to ingest food internally (6)
14 Club acts for the foundry? (9)
16 Prompt bill that is to include tax (8)
17 Blackthorn observed as having oriental features (4-4)
19 Bunyan's giant, praised in error (7)
20 Squat English openers demonstrating cut (7)
21 Credit charges can produce violent abdominal pains (6)
22 *Harmony left in marriage?* (6)
25 Puff a small cigar (5)

Solution to Puzzle No.7,723



***Solution and winners of* Puzzle No.7,712**



Ms Lynda Buffett, Cardiff.
Mrs J. Davenport, Hailsham, East Sussex.
Capt R. R. Fotheringham, Crieff, Perthshire.
Mrs H.A. Swann, Nailsworth, Glos.
Mrs J. Wilson, Edinburgh.

Maxwell: saviour of British industry

Dominic Lawson argues that the late tycoon did far more good than harm

FOUR weeks ago, when Robert Maxwell took his impromptu bath off the side of the Lady Ghislaine, I wrote here that the late tycoon reminded me of nothing so much as Augustus Melmotte, the *evil criminal suicide* at the heart or Trollope's *The Way We Live Now*.

I thought I was being original and had found a new example of life, or rather death, imitating art. I am grateful to Tom Bower, Maxwell's – very unauthorised – biographer for correction.

The preface to the rushed new version of *Maxwell, The Outsider* describes the scene at the AGM of Maxwell's public company in June 1987: Henry Poole, an analyst at *Laing and Cruickshank*, stood up and said that Maxwell had "borne every accusation, apart from being drunk in the House of Commons, that was borne by Mr Melmotte."

And Poole went on to quote Trollope on Melmotte: "A horrid big rich scoundrel, a bloated swindler, a vile city ruffian." But Poole then exclaimed to what must have been a startled AGM: "Mr Maxwell is not a Melmotte . . . I say to those here today who manage the pension and investment *funds that they are unfit to be the manager* of these funds if they do not recognise the achievements of Mr Maxwell and invest in this company."

Poor Poole – from sage to sucker in less time than it takes to sip a glass of water between sentences. But the rush to damn Maxwell as the most evil man who ever lived, mostly from people whose judgment at the time was hardly different from that of Poole's, makes me think that I was wrong to blackguard Maxwell's name even before the body was given a decent – *now they say too decent* – burial.

More and more I wonder whether *The Times's* initial reaction on Maxwell's death: "the type of immigrant buccaneer of whom British Industry seems in chronic need," is not more appropriate than its revised opinion on December 6, that the banks who had lost billions on Maxwell "ought to have known what kind of man they were dealing with . . . a man declared by a Board of Trade enquiry to be unfit to run a *public company*."

For what great harm, actually, has Maxwell done? He certainly betrayed the hopes of his greedy sycophants. But just as it is impossible to feel sorry for those Stalinists who expressed their shock when Khrushchev "revealed" his predecessors' crimes, so we can only laugh at the wailing of Maxwell's former top *executives* and advisers. Maxwell was a far more sympathetic *character than* any of them.

Did Maxwell damage the banking system? No, the bankers, as usual, did the damage to themselves. They had the money to lend, or thought they had, and if they had not wasted it on loans to MCC then in the climate of the late *1980s*, they would have wasted it on some of their other more plausible clients. Like Maxwell's sycophants they – and *MCC shareholders* – will have learnt a valuable lesson, which will *do them no harm*.

What about the workers?

I sympathise with the staff of the *European*, but without Maxwell the paper, and its jobs, would not have existed in the first place. And the staff at the *Mirror*, with their missing £300m of pensions? Their top journalists, who now squeal that Maxwell robbed them, were happy to say, when the Captain first fell off the boat, that he had "saved the *Mirror*" by dragging it with brutal efficiency into modern printing methods. *So* by their own arguments, if it had not been for *Maxwell they* would not have had jobs at all, let alone pensions. They really should stop whining: whoever buys the *Mirror* will have to give undertakings to pay proper pensions to the employees.

The only people to whom Maxwell has done genuine damage are his own wife and children. And they, unlike the canting preachers of the press, have uttered not one word of complaint.

■ *Dominic Lawson is editor of The Spectator*

Private View

An aristocrat who survived history

*Count Edward Raczynski talks to **Christian Tyler** on his century*

Ashley Ashwood

INSIDE the shrunken body lives the ghost of a tall, handsome, sports-loving aristocrat. Behind the blind, filmy eyes *there survives*, unimpaired, the mind of an intellectual *and diplomat*.

Count Edward Raczynski, former Ambassador to the Court of St James and a minister of Poland's wartime government-in-exile, will be 100 years old next Thursday.

In that century he has seen his *native country* pass from partition to independence, to German occupation, to Soviet control, finally to turbulent, multi-party democracy.

People become childlike in extreme old age. But you cannot treat as a child someone who in his time has dined with the likes of Halifax, Eden, Chamberlain and Churchill, who was instrumental in securing the British Government's pledge to Poland and hence its declaration of war against Hitler.

Lloyd George was a witness to Raczynski's first wedding, in 1925, to Joyous Markham, who died five years later from a complication in pregnancy. The former Liberal Prime Minister is the one figure from the century that Raczynski recalls with dislike.

"*He didn't even shake* hands with me," he said.

Was that because you had clashed?

"No. It was his choice, not mine. With Lloyd George one felt that he had an anti-feeling. Probably he disliked me *first as a Pole, secondly as* a Catholic, thirdly as an aristocrat. At the same time he tried to make life difficult for my country."

Raczynski has survived to to see his quaint – some would say reactionary – refusal to accept the postwar order vindicated by the *collapse* of the Soviet Empire, and to witness *the voluntary liquidation* of his defiant little expatriate government.

To pay his respects, Lech Walesa, the shipyard electrician and Solidarity leader who is president of Poland, has twice climbed the dilapidated staircase that leads to Count Raczynski's apartment *in Knightsbridge*, London.

Next week the centenarian, who is recovering from a hip operation and is complaining about his sudden loss of mobility, will be feted at a reception at the Polish Embassy.

He had just risen from his daybed when I met him. He was *dressed in a dusty old black suit* with what looked a club tie knotted round his skinny neck. Behind him were amateurish paintings of his family's country mansion, Rogalin, in western Poland and of their neoclassical palace in Warsaw. Both houses are now museums.

An ancient wireless hummed out *dance music on the table beside* him. His third wife, the businesslike, 81-year-old Aniela Mieczyslawska, whom he married in May this year following the death of her husband, poured dry sherry from a crystal decanter then sat in the corner and shouted encouragement.

He sat on the divan, thin white hair sprouting from the back of his purple pate and looking, as he joked later, like "an old remnant". But once he began to speak, in a thin but precise voice with strong French and Slav intonation, you could see the mind bringing the *body to life*.

Raczynski divided his history – "I think of it almost as if I was observing the life of another person," – into three parts. The first was his childhood near Poznan in the western part of Poland then *controlled by Prussia, where he* grew up on an estate of 25,000 acres in "a very pleasant and intelligent circle of people". His father was an art connoisseur, whose picture collection was largely retrieved after the Second World War and is still exhibited at Rogalin.

He went to school and university in Kracow and began writing poetry, later publishing his verses *alongside a translation of the* English text of Omar Khayyam.

Raczynski was always interested in Britain. "I had a kind of premonition that my life would be in some way attached to England." His first visit was with his brother for a summer holiday in Aldeburgh in 1906. "It was not a very nice place *for a boy. We were expecting a nice* sandy beach, which was non-existent." In 1912 he came again, this time to study at the London School of Economics.

What made you take such an interest in England?

"You know, England had a tremendous reputation for its democracy, *for its success, for its wisdom*, and also for its wealth. If one wanted to know the world it was obvious that England was a very important element."

Back in Poland for the First World War, Raczynski refused to join Marshal *Pilsudski's* legions, fearing the consequences of an alliance with Germany. Later he signed up and had the satisfaction, he said, of "disarming Germans in the streets of Warsaw."

The 21 years of Polish independence between the wars were for Raczynski his second, and golden, age. He served in the Polish legation in London and at the League of Nations. In 1934 he came to London as ambassador, never to return. He had married Cecile Jaroszynski, or "*Cesia*" as he *called* her, who died in 1962.

"She was also a delicate person. She died of heart and she left three daughters *whom* I adore. So *I am* surrounded by nothing but love. Now I have my dear Aniela who is here in this room, who was my companion, my friend and my protector even when I was weak, and whom I married when I could."

I asked Raczynski whether he admired any of the famous people *he had known*.

He commented favourably and tactfully on Walesa and on the present Pope, whom he described as "a man of great knowledge, very strong convictions. He's got the gift of conveying his ideas very strongly and at the same time he has personal charm."

You must have known Prime Minister Paderewski? I prompted.

"Paderewski, of course!", he replied. "His personality was so powerful. I remember when he came to London to give a lecture. In some miraculous way, at the end of his speech people were in tears. I was myself shaken with a tremendous emotion which it took me several hours to forget."

And as a pianist?

"Other musicians would say that Paderewski's playing was very impressive but not perfect. Nonetheless, when this man played I lost every sense . . . of my judgment. The impression was so strong that I was just conquered."

What about British politicians – Chamberlain, for instance? In your diary you described him as "rather like a bird of the ostrich family."

"*My impression was his measure* was not taken. He was a man of *strong* will, *rather imposing his* will on people. When he was represented as the man with the umbrella that was not fair to him."

And how did Winston Churchill strike you?

"He struck me as a man, again, with a strong imagination, with vision, with initiative. He liked *people who were like knights of olden* times. He liked strong and impressive decisions. I was personally impressed by him. But I had a feeling at the same time that to him a person like myself was not of great importance. I was too commonplace."

Did he behave like an aristocrat?

"No, I think he behaved like an individualist. Of course he had a great sense of the story of his family. He gave me the four volumes of his book on Marlborough."

This discussion prompted another question: who, do you think, killed *General Sikorski? I mentioned* the play by Rolf Hochhuth which tries to blames Churchill.

"The Hochhuth play is a stupid fiction but I must say my suspicion is very strong of sabotage. I am almost convinced that it was Soviet sabotage."

Sikorski was a challenge to Stalin's plans for postwar possession of Poland, said the old man. He talked about the spy Philby and recalled two aerial alarms before Sikorski's helicopter crashed off Gibraltar, in one of which he, Raczynski, had been involved. "I think *that Sikorski's life was doomed*. Because he happened to be in *Stalin's* way, he had to be removed."

Polish exiles' feelings about Britain are a mixture of dismay and gratitude. "You know, during this war we were sacrificed. I must say we were not treated like a fully-fledged *ally*."

British and French had promised *an immediate reaction to* Hitler's invasion of Poland, but the general staffs decided they could not intervene. "I think this was neither just nor very honourable. I can say I speak as a friend of this country. I know your feelings and I respect your wisdom and I admire your sense of liberty and equality."

Raczynski admitted that the Poles had been "a bit naive". They had not realised that international politics were not merely about or temporary gains. "In this, I think, there was a lesson."

The old man was flagging, his *voice getting fainter. I could* leave without asking one more question.

This century has been a particularly bloody one, I said. Do you look back on it with disgust?

"No. To my mind it rather shows how extraordinary humanity is and *at the same time how very* weak . . . that humanity demands continuous efforts of education, of trying to impress justice, and so on. Deterioration is always possible.

"I remember my very wise mother once told me: 'Be careful. Because every one of us has in himself somewhere hidden a tiger. And *this tiger must be kept in its cage*.'"

A turning point - or maybe not

Michael Thompson-Noel

THIS WEEK'S Maastricht treaty marked the most significant turning point for Europe since the 18th century. Or possibly the 14th century. Or perhaps last Tuesday week.

Only time will tell.

Yet one thing is crystal clear. Europe will never be the same again. It has embarked on a wonderful adventure. The pace of change will accelerate. Yet the momentum will not be uniform. Though nothing will stay the same, everything will prove to be relative. The clocks will all go forward – yet at differing rates of advance. This *could* be good news for Europe. Or it could prove to be a catastrophe.

Only *time will tell*.

That is why we must be cautious. Our words must be carefully weighed. And our timing must be precise. We must be wary of opting-in, and wary of opting-out. Above all, we must identify the moments when it may pay us to opt neither in nor out but stay the same *as we are and shake it all about*. How will we know?

Only time will tell.

Yet one thing is perfectly clear. This week's summit in Maastricht has laid the foundations for a Euro-superstate. Or perhaps for something different. But *this at least* we know: Europe is forging ahead, towards the 21st century.

HAWKS & HANDSAWS

In many people's view, the 21st century will be a big improvement on the 20th century. This is more impressive than it *sounds*, for not many people hold the opinion that the 20th century was an improvement on the one that preceded it. In fact, many people in Europe believe that the 19th century itself was worse, in many *respects, than the 18th or 17th* centuries, and that Europe has not had much of a break since the second quarter of the 4th.

But that is to dwell in the past. What we must be is upbeat: we must look ahead and pray – just like the British prime minister.

The prime minister of Britain is a *man called John Major. This is not* as bad as it sounds, for the prime minister before him was a woman called Margaret Thatcher who was a horrible piece of work and was often unpardonably rude to friends of the British people such as Helmut Kohl, François Mitterrand and Ruud Lubbers.

So rude did this woman become that she had to be removed from her office in London by disaffected members of her own political party. This is known as a coup. A great many foreign people were surprised that the British were capable of staging a coup, and wondered to themselves whether John Major *would prove more adroit at buttering* up important foreigners like Helmut Kohl, François Mitterrand and Ruud Lubbers.

Only time will tell.

What is *strikingly* clear is that John Major has made great strides towards his goal of moving Britain into the mainstream of debate in Europe. *Just to be on the safe side*, he has also moved it to the fringes by distancing himself from some of the more exciting features of this week's treaty, such as plans for a single currency or for new social and employment legislation – shorter working hours, much more pay, employers who *know how to* treat their workers without making them cross and bitter because they feel exploited, improved medical scanning, superior plays and musicals, cheaper opera tickets, longer opening hours for betting shops, fewer *traffic* wardens, more traffic humps, improved recipes in restaurants and the banning from our TV screens of tired old faces such as those of Norman Tebbit, Gerald Kaufman, Virginia Bottomley, Oliver North and Andreas Whittam Smith.

John Major says he knows what *he is doing in this regard, and that* when his party faces the people at the next election he will promise to deliver all these things anyway, without Europe's help. Or possibly he won't.

Only time will tell, for he and his chancellor, Norman *Lamont*, are having to keep an eye on other difficult matters, such as the recession, unemployment, spreading homelessness and so forth.

As this week's tumultuous events recede, other questions will reappear. And one of these questions is: who is Norman Lamont?

Only time will tell. Yet *one thing* is terribly clear. The mystery of Norman Lamont will be seized on in the weeks ahead by two men whose electoral fortunes have not been harmed – but perhaps have not been helped – by John *Major's efforts in* Maastricht.

These men are Neil Kinnock and Paddy Ashdown. Neil Kinnock leads the British Labour party and Paddy Ashdown the *Liberal Democrats*. Or so it would appear. If it is true that *these men lead these particular parties*, then the vexed matter of Norman Lamont is one with which they will lambast and lampoon John Major night and day. They will also want to know the date of the election.

As John Major will inform them: only time will tell.

Yet one thing is abundantly clear. Once they have made the fateful connection between Norman Lamont and Maastricht, Neil Kinnock and Paddy Ashdown will truly hit the warpath, for they will have unearthed a series of subsidiary questions about Europe and the British people that *will* have to be posed at the election:

Do they know where Frankfurt is?

Do they *want* to be on closer terms with the Greeks and Portuguese?

Are there traffic humps in Belorussia?

What is Finland for?

What are Oliver North and Virginia Bottomley doing at this precise moment in time? Can anybody stop them?

As we ready ourselves for the great adventure of Europe – as the clocks *tick-tock* towards the dawn of the 21st century – these are hugely *disturbing questions*.

Will we get any answers?

Only time will tell.

■ *Acknowledgments to Russell Baker*.

The poverty-stricken man of Europe

***Rob Richley** on what the evil regime of Enver Hoxha inflicted on Albania*

JOKES were the *Albanians'* sole weapon against the state during nearly half a century of repression under Communist dictator Enver Hoxha.

Now, while the rest of Europe looks towards the 21st century, a newly-democratic *Albania* is *dragging* itself into the 20th, short of food, clothing, raw materials, and just about everything.

In the northern city of Shkoder, they tell the story of the man who came home with three fish he had caught in Lake Shkoder. "You fool," said his wife. "We have no wood for the fire, no pan to put the fish in and no oil to cook them in." The fish said: "Three cheers for Communism!" The jokes are one of the few lighter moments in the bleak lives of *Albania's 3.3m, the poorest in* Europe.

Their hopes of economic and democratic reform have been slow to reach fruition, and frustration is turning to anger. A Shkoder warehouse filled with Western aid was looted by a mob recently and gunmen robbed a truckload of relief supplies.

We visited the city's home for handicapped children soon after a crowd several hundred strong had rampaged through it, stealing Western aid that had just been delivered. Armed with guns and knives, they looted the food store, ripped blankets *from the children's beds, and* pulled the new clothes from the youngster's backs.

The home's chief nurse, Lili Boshnjaku, pleaded for no more foreign aid to be delivered to the home. "It just makes us a target for the *vagabondi*," she said.

The *vagabondi* could be bandits, but they are just as likely to be some of the many citizens who are short of food and clothes.

Thousands of people aimlessly mill about the streets of Shkoder, *the capital Tirana* and other cities. They wait for the rain to stop, they wait for something to happen, they wait for a job.

Albania has been reduced to widespread poverty and mass malnutrition by 45 years of self-imposed political separatism. The World Health Organisation's special representative in Albania, Scotsman Dr David Macfadyen, showed us a new report by a WHO team, which reveals that *39 per cent of* all children in 1989 were malnourished, and as many as 50 per cent of infants in the mountainous north around Shkoder.

The report says lack of supplies is progressively paralysing the country's health service. The situation is still worsening, even after the arrival of the first international aid.

Now the country is looking to the rest of Europe for short-term assistance *in feeding* and caring for its people, and long-term aid in economic restructuring.

Albania is trying to undo the efforts of Hoxha, who wielded absolute power from 1946 until his death in 1985, when close associate Ramiz *Alia* succeeded him as president. Alia now says that while the dictator *made many mistakes, he would* be remembered for his many achievements.

Hoxha's "achievements" could be said to include a vast national debt, crippled industry, food shortages – and 600,000 concrete mushrooms.

Albania's first dollar millionaire could be the person who finds a new use for these mushrooms. They *are the rusting gun emplacements* that sprouted across the landscape, built to repel invaders desperate to deprive its citizens of their Utopia. Their construction swallowed up the equivalent of three years' gross national product.

Under Hoxha, the *Sigurimi, the* secret police, were responsible for many thousands of deaths. One man who publicly said that Hoxha was unfit to rule had his death sentence commuted to 25 years' imprisonment – only to spend 17 of them in a coffin. *The Sigurimi let him out* for half an hour at mealtimes.

We witnessed a commemorative mass for a poet-priest, who was made to dig his own grave before being lined up with nine others against the wall of his churchyard *and shot by the Communists*.

Dom Ndre Zadeja, a much-loved poet, *was imprisoned and tortured* before being executed in 1945; he was not forgotten by the people during four decades of oppression.

After Zadeja's execution, colleagues reburied his body secretly inside the churchyard, marking the spot with a single small stone. It was *only given* a proper tombstone six months ago, and for the centenary, it was decorated with bunches of marigolds tied in ribbons of red and black, Albania's national colours.

Above the grave hung a photo*graph of the smiling priest*, and one of his verses: "When I lay down my life for my country, I have not died but am born, because for you, I am a martyr for beautiful Albania."

One of Dom. Zadeja's fellow priests, himself released after 20 *years in jail, conducted the* commemorative mass on the steps of the church, which was only reopened this year after being closed in 1967, when Albania declared itself an atheist state.

Last April, less than a month after the country's first pluralist elections, Albania got its first new priest for nearly half a century, an old man whose training was halted in the 1940s. We were *proudly told* that seven young men have gone to Rome for training this year, to take over from the ageing priests.

Peter Smith

Toddlers in a children's home: at the mercy of Albania's ailing state